GLOBAL CCS INSTITUTE

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Global Carbon Capture and Storage Institute Ltd ACN 136 814 465

CONTENTS

DIRECTORS' REPORT

The Directors of Global Carbon Capture and Storage Institute Ltd ('Global CCS Institute') submit herewith the financial report of the entity for the financial period ended 30 June 2011. In order to comply with the requirements of the Corporations Act 2001, the Directors report as follows:

Information about the directors

The names and particulars of the directors of the Global CCS Institute during or since the end of the financial period are:

Name	Particulars
Mr Russell Higgins AO	Appointed 12 June 2009. Mr Russell Higgins AO is the Chair of the Board of the Global CCS Institute and brings extensive corporate and government experience in the energy sector in Australia and internationally. Mr Higgins is a non-executive director of Telstra Corporation, St James Ethics Foundation, APA Group, Argo Investments and SunRice Limited and was Secretary of the Department of Industry, Science and Resources from 1997 to 2002. He also led the APEC work in the energy sphere for many years.
Dr Makoto Akai	Appointed 12 June 2009. Dr Makoto Akai is a Fellow Research Scientist of Japan's National Institute of Advanced Industrial Science and Technology and a Professor of the Tokyo Institute of Technology. He is a Coordinating Lead Author of the Intergovernmental Panel on Climate Change's special report on Carbon Dioxide Capture and Storage and brings a great deal of technical knowledge and expertise associated with the energy sector and specifically carbon capture and storage.
Ms Tina McMeckan	Appointed 12 June 2009. Ms Tina McMeckan brings to the Global CCS Institute substantial energy market experience. She is a non-executive director of SP Ausnet and has previously served on the boards of a number of energy-related corporations, including Alinta Ltd, United Energy Ltd and Snowy Hydro Trading Pty Ltd. Further she has substantial experience as a company director in commercialisation of technology.
Dr Mario Ruscev	Appointed 12 October 2010. Dr Ruscev has been the CEO of American nanotechnology company FormFactor. Previous to this position he worked for 23 years with Schlumberger in a number of senior roles in France, the United Kingdom and Norway. His project management experience is extensive and he has worked in the areas of water, CO_2 and sequestration, as well as carbon capture and storage (CCS).
Ms Rachel English	Appointed 12 October 2010. Ms English holds a number of non-executive director positions in the United Kingdom. She is a Director of NHS London, a Director of Helios Social Enterprise, a member of the Audit Committee for the Department for International Development (DFID), and an Advisory Board Member for the Institute for Energy Research and Policy at the University of Birmingham. Further she has over 25 years experience across the energy sector as an economist and financial expert.

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

Ms Rachel English – appointed 12 October 2010

Mario Ruscev – appointed 12 October 2010

Remuneration of directors and senior management

Information about the remuneration of Directors and key management personnel is set out in note 16 of the financial report.

Principal activities

The Global CCS Institute is a not-for-profit entity, limited by guarantee. The Global CCS Institute's central objective is to accelerate the commercial deployment of carbon capture and storage (CCS) projects to contribute in the reduction of carbon dioxide emissions. The principal activities of the Global CCS Institute during the period included:

- drawing together information, knowledge and expertise to build a much-needed centralised knowledge base;
- playing a pivotal role in facilitating the development and deployment of safe, economic and environmentally sustainable commercial-scale CCS projects;
- advising on the technologies that will capture, transport and store carbon dioxide emissions;
- providing expert insight on the costs and benefit of carbon solutions and the operational and legislative requirements needed to achieve success;
- working collaboratively with governments, non-government bodies and the private sector to build confidence in CCS; and
- helping to drive the international momentum needed to provide a solution to the urgent problem of climate change.

Review of operations

The net operating result for Global CCS Institute was a deficit of $788,815 (2010: Surplus $2,344,516). The net deficit is represented by the amount of $842,836 (2010: 2,253,132) transferred to the In-kind contribution reserve and an operating surplus of $54,021.

Changes in state of affairs

The Global CCS Institute was formally launched by the Australian Government in April 2009 and became an independent legal entity in June 2009.

Since inception, the Global CCS Institute has received unprecedented international support. As at 30 June 2011 the Membership totalled 312 — including 28 governments, 9 sub national governments and 275 leading corporations, non-government bodies and research organisations.

On 8 September 2011 the Global CCS Institute signed a contract variation to the Funding Agreement with the Australian Government. The contract variation takes into account a reduction of the initial funding grant (AU$410 million to AU$315 million), combined with a re-phasing of the funding period to extend the term of the Funding Agreement from 30 June 2013 to 30 June 2017.

There have been no other significant changes in the state of affairs of the Global CCS Institute since the last reporting period.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Global CCS Institute, the results of those operations, or the state of affairs of the Global CCS Institute in future financial years other than as noted in this report.

Future developments

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

Environmental regulations

The Global CCS Institute is not subject to any particular and significant environmental regulation under a law of the Commonwealth or State or Territory.

Dividends

As the Global CCS Institute is a not-for-profit entity, limited by guarantee, dividends are not declared or paid.

Indemnification of officers

During the financial period, the Global CCS Institute paid a premium in respect of a contract insuring the Directors of the Institute (as named above), the Company Secretary, Ms Joan Morrell, and all key management personnel of the Global CCS Institute against a liability incurred as such by a director, Secretary or key management personnel to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Global CCS Institute has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Institute against a liability incurred as such an officer.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees) held during the financial period and the number of meetings attended by each Director (while they were a Director or committee member). During the financial period, 10 Board Meetings, 4 Audit and Risk Committee meetings and 6 Technical Advisory Committee meetings were held.

Director Name	Board		
	Held	Eligible	Attended
Mr Russell Higgins, AO	10	10	10
Dr Makoto Akai	10	10	10
Ms Tina McMeckan	10	10	10
Dr Mario Ruscev	10	6	6
Ms Rachel English	10	6	6

Director Name	Audit & Risk Committee		
	Held	Eligible	Attended
Mr Russell Higgins, AO	4	4	4
Dr Makoto Akai	4	–	–
Ms Tina McMeckan	4	4	4
Dr Mario Ruscev	4	–	–
Ms Rachel English	4	–	–

Director Name	Technical Advisory Committee		
	Held	Eligible	Attended
Mr Russell Higgins, AO	6	–	–
Dr Makoto Akai	6	6	6
Ms Tina McMeckan	6	–	–
Dr Mario Ruscev	6	–	–
Ms Rachel English	6	–	–

Auditor's independence declaration

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

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

On behalf of the Directors

Russell Higgins, AO

Chairman

Canberra, 8 September 2011

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Global Carbon Capture and Storage Institute Ltd
Level 2, 64 Allara Street
Canberra ACT 2601

8 September 2011

Dear Board Members

Global Carbon Capture and Storage Institute Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Global Carbon Capture and Storage Institute Ltd.

As lead audit partner for the audit of the financial statements of Global Carbon Capture and Storage Institute Ltd for the financial period ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BJ Pollock
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Global Carbon Capture and Storage Institute Ltd

We have audited the accompanying financial report of Global Carbon Capture and Storage Institute Ltd, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income and the statement of cash flows for the year ended on that on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 11 to 32.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Global Carbon Capture and Storage Institute Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Global Carbon Capture and Storage Institute Ltd is 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 year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Brad Pollock
Partner
Chartered Accountants
Canberra, 8 September 2011

Directors' declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Global CCS Institute will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements, and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2 to the financial statements; and

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Global CCS Institute.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Russell Higgins, AO

Chairman

Canberra, 8 September 2011

Statement of comprehensive income for the financial year ended 30 June 2011

	Note	2011	Thirteen month financial period ended 2010
		$	$
Revenue	3	41,918,743	31,377,403
Other income	3	7,824,776	6,944,180
Project and activity costs		(21,396,900)	(14,468,375)
Occupancy expenses		(1,396,497)	(1,184,114)
Employee benefits expense	4	(12,930,482)	(7,618,838)
Administration expenses		(3,118,274)	(2,810,793)
Meeting and travel costs		(3,986,148)	(3,416,828)
Contractor and consulting costs		(6,135,846)	(5,185,450)
Depreciation and amortisation	7	(1,568,187)	(1,292,669)
Surplus (deficit) before tax		(788,815)	2,344,516
Income tax expense		-	-
SURPLUS (DEFICIT) FOR THE PERIOD		(788,815)	2,344,516
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(788,815)	2,344,516

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2011

	Note	2011	2010
		$	$
Assets			
Current assets			
Cash and cash equivalents	17(a)	145,858,721	90,964,607
Trade and other receivables	5	3,506,132	769,921
Other assets	6	794,906	974,227
Total current assets		150,159,759	92,708,755
Non-current assets			
Plant and equipment	7	2,518,327	2,637,920
Total non-current assets		2,518,327	2,637,920
Total assets		152,678,086	95,346,675
Liabilities			
Current liabilities			
Trade and other payables	10	1,059,204	1,629,570
Deferred revenue	8	147,847,738	89,309,574
Provisions	9	763,632	363,768
Other liabilities	10	570,113	817,549
Total current liabilities		150,240,687	92,120,461
Non-current liabilities			
Provisions	9	190,000	190,000
Other liabilities	10	691,556	691,556
Total non-current liabilities		881,556	881,556
Total liabilities		151,122,243	93,002,017
Net assets		1,555,843	2,344,658
Equity			
Issued capital	11	142	142
In-kind contribution reserve	12	1,410,296	2,253,132
Retained surplus	13	145,405	91,384
Total equity		1,555,843	2,344,658

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity for the financial year ended 30 June 2011

	Issued capital	In-kind contribution reserve	Retained surplus	Total
	$	$	$	$
Balance at 12 June 2009	-	-	-	-
Surplus for the period	-	-	2,344,516	2,344,516
Member contributions	142	-	-	142
Transfers (from) to retained surplus		2,253,132	(2,253,132)	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 30 June 2010	142	2,253,132	91,384	2,344,658
Deficit for the year	-	-	(788,815)	(788,815)
Member contributions	-	-	-	-
Transfers (from) to retained surplus	-	(842,836)	842,836	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Balance at 30 June 2011	142	1,410,296	145,405	1,555,843

Statement of cash flows for the financial year ended 30 June 2011

	Notes	2011	Thirteen month financial period ended 2010
		$	$
Cash flows from operating activities			
Funding received		110,339,050	131,740,271
Payments to suppliers and employees		(59,150,584)	(43,412,354)
Other income		254,154	273,123
Rent received		14,121	175,963
Interest received		4,899,575	2,691,996
Net cash provided by operating activities	17(d)	56,356,316	91,468,998
Cash flows from investing activities			
Payments for plant and equipment		(1,464,057)	(504,533)
Proceeds from sale of plant and equipment		1,855	-
Net cash used in investing activities		(1,462,202)	(504,533)
Cash flows from financing activities			
Receipts from Members		-	142
Net cash provided by financing activities		-	142
Net increase in cash and cash equivalents		54,894,114	90,964,607
Cash and cash equivalents at the beginning of the period		90,964,607	-
Cash and cash equivalents at the end of the period	17(a)	145,858,721	90,964,607

The above statement should be read in conjunction with the accompanying notes.

GLOBAL CCS INSTITUTE

INDEX TO THE NOTES TO THE FINANCIAL REPORT

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. General information

The Global Carbon Capture and Storage Institute Ltd ('the Global CCS Institute') is a not-for-profit entity, limited by guarantee, incorporated in Australia and operating in Australia, North America, Japan and France.

Registered office and principal place of business

Level 2, 64 Allara Street
Canberra ACT 2601
Australia

2. Summary of significant accounting policies

Statement of Compliance

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

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

The financial report was authorised for issue by the Directors on 8 September 2011.

Basis of preparation

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

The Global CCS Institute is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest dollar.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Global CCS Institute's accounting policies, management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 the Global CCS Institute's accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed where applicable, in the relevant notes to the financial statements.

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

(a) Revenue

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

Revenue from government funding

Government funding is recognised as deferred revenue in the statement of financial position and transferred to the profit and loss account on a systematic basis as and when the funding is expended.

In-kind contributions

The benefit of contributed assets, including cash and non-monetary assets, are recognised at fair value in the profit and loss account as income to the extent that the Global CCS Institute has no further obligations in respect of the contributed assets; or in the balance sheet as a liability (unearned income) to that extent that the Global CCS Institute is still required to fulfil any obligations in respect of the combined assets.

Interest revenue

Interest revenue is recognised when the economic benefits will flow to the Global CCS Institute and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income from operating leases is recognised on an accruals basis over the term of the relevant lease period.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

(c) Income tax

The Global CCS Institute has been granted an income tax exemption from the period of inception through to 30 June 2013.

(d) Plant and equipment

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

Depreciation is calculated using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis

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

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

- Leasehold improvements 7 years
- Plant and equipment – IT assets 1.5 years
- Furniture and Fittings 3 years

(e) Employee benefits

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

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Global CCS Institute in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated goods and services tax ('GST'), unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables 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 with other receivables or payables in the statement of financial position.

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

(h) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

(i) Foreign currency

For the purpose of the financial statements, the results and financial position of the Global CCS Institute are expressed in Australian Dollars ('AUD'), which is the functional currency of the Global CCS Institute and the presentation currency for the financial statements. Exchange differences are recognised in profit or loss in the period in which they arise.

(j) Financial assets

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

(k) Provisions

Provisions are recognised when the Global CCS Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that the Global CCS Institute will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

(l) Standards and interpretations issued not yet effective

At the date of authorisation of the financial report, the following relevant Standards and Interpretations listed below were in issue but not yet effective. These Standards and Interpretations will be first applied in the financial report of the entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'	Effective for annual reporting periods beginning on or after 1 January 2013
AASB 2009-12 'Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 &1052]'	Effective for annual reporting periods beginning on or after 1 January 2011
AASB 2009-14 'Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement'	Effective for annual reporting periods beginning on or after 1 January 2011
AASB2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Effective for annual reporting periods beginning on or after 1 January 2011
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	Effective for annual reporting periods beginning on or after 1 January 2011
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Effective for annual reporting periods beginning on or after 1 January 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Effective for annual reporting periods beginning on or after 1 July 2013
Interpretation 4 'Determining whether an Arrangement contains a Lease'	Effective for annual reporting periods beginning on or after 1 January 2011
Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	Effective for annual reporting periods beginning on or after 1 January 2011

GLOBAL CCS INSTITUTE

3. Revenue

An analysis of the Global CCS Institute's revenue for the period, from continuing operations is as follows:

	2011	2010
	$	$
Revenue from operating activities		
Revenue from government – funding	41,918,743	31,377,403
	41,918,743	31,377,403
Other income		
In-kind contributions (Note 17(c))	-	3,426,056
Rental revenue - sublease	25,672	147,129
Interest revenue	7,599,492	3,062,752
Other revenue	199,612	308,243
	7,824,776	6,944,180
Total revenue from operating activities	49,743,519	38,321,583

4. Surplus for the period

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

	2011	2010
	$	$
Foreign exchange (gains) losses		
Foreign exchange (gains)	(58,487)	(27,675)
Foreign exchange losses	148,954	38,767
Total foreign exchange (gains) losses	90,467	11,092

	2011	2010
	$	$
Operating lease rental expense		
Office rent	1,147,513	994,114
Total operating lease rental expense	1,147,513	994,114

	2011	2010
	$	$
Depreciation and amortisation expense		
Depreciation of plant and equipment – gifted assets	829,084	1,172,924
Depreciation of plant and equipment – purchased assets	739,103	119,745
Total depreciation and amortisation expense	1,568,187	1,292,669

	2011	2010
	$	$
Employee expenses		
Wages and salaries	9,876,700	5,231,906
Defined contribution plans	980,073	535,608
Other employee expenses		
Annual leave accrual	399,864	363,768
Payroll tax	584,531	278,272
Reimbursement of salary expense	-	235,541
Employment benefit commitment	41,542	79,225
Recruitment and staff development	517,035	611,507
Relocation costs	275,516	237,869
Other employment expenses	255,221	45,142
Total employee benefits expense	12,930,482	7,618,838

5. Trade and other receivables

	2011	2010
	$	$
Accrued interest	3,070,670	379,936
Sundry receivables	45,942	384,635
Trade debtors	169,102	-
GST receivable	220,418	5,350
Total trade and other receivables	3,506,132	769,921

6. Other current assests

	2011	2010
	$	$
Prepayments	103,350	282,671
Rental Bond guarantee	691,556	691,556
Total other current assets	794,906	974,227

7. Plant and equipment

	Purchased Plant and equipment	Gifted Plant and equipment[1]	Gifted Furniture and fittings[1]	Purchased Furniture and fittings	Gifted Leasehold improvements[1]	Total
	$	$	$	$	$	$
Cost						
Balance at beginning of period	-	-	-	-	-	-
Additions	309,994	1,027,945	698,111	194,539	1,700,000	3,930,589
Disposals	-	-	-	-	-	-
Balance at 30 June 2010	309,994	1,027,945	698,111	194,539	1,700,000	3,930,589
Additions	1,389,845	-	-	74,212	-	1,464,057
Disposals	(13,289)	(9,670)	(37,630)	-	-	(60,589)
Balance at 30 June 2011	1,686,550	1,018,275	660,481	268,751	1,700,000	5,334,057

	Purchased Plant and equipment	Gifted Plant and equipment	Gifted Furniture and fittings	Purchased Furniture and fittings	Gifted Leasehold improvements	Total
	$	$	$	$	$	$
Accumulated depreciation and impairment						
Balance at beginning of period	-	-	-	-	-	-
Depreciation expense	85,093	685,290	232,702	34,652	254,932	1,292,669
Balance at 30 June 2010	85,093	685,290	232,702	34,652	254,932	1,292,669
Depreciation expense	664,684	342,655	231,497	74,419	254,932	1,568,187
Disposals	(11,578)	(9,670)	(23,879)	-	-	(45,127)
Balance at 30 June 2011	738,199	1,018,275	440,320	109,071	509,864	2,815,730

	Purchased Plant and equipment	Gifted Plant and equipment	Gifted Furniture and fittings	Purchased Furniture and fittings	Gifted Leasehold improvements	Total
	$	$	$	$	$	$
Net book value						
Balance at 30 June 2010	224,901	342,655	465,409	159,887	1,445,068	2,637,920
Balance at 30 June 2011	948,351	-	220,161	159,679	1,190,136	2,518,327

1. Refer to Note 17(c) for more detail in regards to gifted assets.

GLOBAL CCS INSTITUTE

8. Deferred revenue – current

	2011	2010
	$	$
Government funding income in advance	147,847,738	89,296,738
Rental Income in advance	-	12,836
Total deferred revenue - current	147,847,738	89,309,574

9. Provisions

	2011	2010
	$	$
Employee benefits (i)	763,632	363,768
Make good provision (ii)	190,000	190,000
Total provisions	953,632	553,768

Current	763,632	363,768
Non-current	190,000	190,000
Total provisions	953,632	553,768

(i) The employee benefits provision reflects annual leave that has not been taken by employees as at 30 June 2011.

(ii) The make good provision reflects the estimated costs to be incurred at the end of the lease to bring the premises back to its original condition.

10. Other liabilities

	2011	2010
	$	$
Trade creditors	1,059,204	1,629,570
Accrued expenses	561,805	811,849
FBT Liability	8,308	5,700
Rental Bond guarantee	691,556	691,556
Total other liabilities	2,320,873	3,138,675

Current	1,629,317	2,447,119
Non-current	691,556	691,556
Total other liabilities	2,320,873	3,138,675

GLOBAL CCS INSTITUTE

11. Member contributions

	2011	2010
	$	$
Member contributions	142	142

Global CCS Institute is an entity limited by guarantee and hence has nil share capital.

The Company Constitution provides the process and guidelines in the event the company is wound up. Each Member, and each Member who has ceased to be a Member in the preceding year, would be required to contribute towards the property of the company up to the value of $10. As at 30 June 2011, the number of Legal Members was 312.

12. In-kind contribution reserve

	2011	2010
	$	$
Balance at beginning of period	2,253,132	-
Transfers (to) from retained surplus (Note 13)	(842,836)	2,253,132
Balance at the end of the year	1,410,296	2,253,132

The in-kind contribution reserve records the value of in-kind contributions received, being gifted assets, net of the associated depreciation on these items. Transfers from the in-kind contribution reserve relate to annual depreciation charges on gifted assets.

13. Retained surplus

	2011	2010
	$	$
Retained surplus at the beginning of the financial period	91,384	-
Net surplus (deficit)	(788,815)	2,344,516
Transfers from (to) reserves (Note 12)	842,836	(2,253,132)
Retained surplus at the end of the financial period	145,405	91,384

14. Remuneration of auditors

	2011	2010
	$	$
Auditing the financial report	46,800	31,500
Other services		
• Other assurance services	50,369	18,375
• Accounting assistance	-	49,285
• Project assistance fees[1]	1,637,938	848,794
• Tax services	-	41,901
Total remuneration of auditors	1,735,107	989,855

1 2010 project assistance fees relate to assisting the Global CCS Institute in developing its policy, regulatory and legal enabling strategy, assisting in developing the Member's Charter and Member Services Model, and providing general support on issues management for the work program at the Pittsburgh Conference in May 2010. 2011 project assistance fees relate to assisting in defining the knowledge sharing strategy and in the delivery and operation of the approach.

15. Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the risk management policy and framework. The Board has established the Audit and Risk Committee, which is responsible for approving the company's risk management policy and framework for identifying, assessing and managing risk. The Global CCS Institute's Corporate Treasury function manages the financial risks (including currency risk, interest rate risk and liquidity risk), relating to the operations of the Global CCS Institute in accordance with the Board-approved Treasury policy through the following:

a) internal risk reports which analyse exposures by degree and magnitude of risks;

b) policies and procedures, approved by the Board of directors, which provide written principles on risk management;

c) review of compliance with policies and procedures by internal auditors on a continuous basis; and

d) quarterly reporting to the Audit and Risk Committee.

The Global CCS Institute does not enter into or trade derivative financial instruments.

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Foreign currency risk management

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Global CCS Institute operates internationally and is exposed to foreign exchange risk arising from a range of currency exposures. To minimise the risk of foreign currency exposures the Global CCS Institute operates under a Board-approved Foreign Exchange Policy which sets out the framework and guidelines for foreign exchange transactions. The policy objective for the Global CCS Institute is to operate in Australian dollars where commercially viable.

The carrying amounts of the Global CCS Institute's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities	Assets
	2011	2011
	$	$
Euro	152,035	252,087
British Pounds	8,559	-
US Dollar	78,302	130,692
Other	4,495	-

	Liabilities	Assets
	2010	2010
	$	$
Euro	-	14,199
British Pounds	7,915	-
US Dollar	112,813	-
Other	8,963	-

Foreign currency sensitivity analysis

The Global CCS Institute is mostly exposed to the currency of US dollar and the currency of Euro.

The following table details the Global CCS Institute's sensitivity to a 14 per cent increase and decrease in the Australian dollar against the relevant foreign currencies. 14 per cent is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 14 per cent change in foreign currency rates. A positive number below indicates a surplus and other equity where the Australian dollar strengthens 14 per cent against the relevant currency.

For a 14 per cent weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the surplus and other equity, and the balances below would be negative.

	US Dollar impact	Euro impact
	2011	2011
	$	$
Surplus or deficit	2,162	7,966
Other equity	-	6,758

	US Dollar impact	Euro impact
	2010	2010
	$	$
Surplus or deficit	2,261	-
Other equity	-	600

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the period end exposure does not reflect the exposure during the period.

Interest rate risk management

The Global CCS Institute is exposed to interest rate risk through its cash and cash equivalents. The following table details the Global CCS Institute's sensitivity to a 1.5 per cent increase and decrease in interest rates. 1.5 per cent is the sensitivity rate which represents management's assessment of the reasonably possible change in interest rates.

	2011	2010
	$	$
Cash and cash equivalents held in interest bearing accounts	145,669,564	90,418,730
1.5 per cent increase and/or decrease in interest rates	2,185,043	1,356,281

The average interest rate during the year was 5.98 per cent (2010: 4.51 per cent).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Global CCS Institute. The Global CCS Institute has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults where appropriate.

The Global CCS Institute has a significant percentage of revenue from the Commonwealth of Australia and the credit risk is considered to be low.

The Global CCS Institute does not have any credit risk exposure to any other single counterparty or counterparties having similar characteristics. The Global CCS Institute defines counterparties as having similar characteristics if they are related entities.

The credit risk on Global CCS Institute's directly held cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit agencies.

The table below shows the maximum exposure of financial assets to credit risk at the reporting date:

	2011	2010
	$	$
Cash and cash equivalents	145,858,721	90,964,607
Trade and other receivables	3,506,132	769,921

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Global CCS Institute's short, medium and long-term funding and liquidity management requirements. The Global CCS Institute manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Global CCS Institute's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Global CCS Institute can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Global CCS Institute may be required to pay.

30 June 2011	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	$	$	$	$	$	$
Financial Liabilities (recognised)						
Trade creditors	1,040,139	19,065	-	-	-	1,059,204
Other liabilities	561,805	-	8,308	-	-	570,113
Total financial liabilities	1,601,944	19,065	8,308	-	-	1,629,317

30 June 2010	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	$	$	$	$	$	$
Financial Liabilities (recognised)						
Trade creditors	1,615,913	13,657	5,700	-	-	1,629,570
Other liabilities	811,849	-	-	-	-	817,549
Total financial liabilities	2,427,762	13,657	5,700	-	-	2,447,119

GLOBAL CCS INSTITUTE

16. Related party transactions

Key Management Personnel

Key management personnel consist of the Board, Chief Executive Officer, Chief Financial Officer, General Managers and Company Secretary. The members of key management personnel of the Group during the year were:

The personnel are listed below:

Name	Position
Mr Russell Higgins AO	Director, Board Chair, Board Selection Panel Chair
Ms Tina McMeckan	Director, Audit and Risk Committee Chair
Dr Makoto Akai	Director, Technical Advisory Committee Chair
Dr Mario Ruscev	Director – appointed 12 October 2010
Ms Rachel English	Director – appointed 12 October 2010
Mr Nicolas Otter	Chief Executive Officer – resigned 31 December 2010
Mr John Hartwell	Interim Chief Executive Officer – appointed 1 January 2011
Ms Susan Steele	Chief Financial Officer
Mr Robert Pegler	General Manager Europe
Mr Bill Koppe	Senior Vice President Australasia – resigned 29 October 2010
Mr Dale Seymour	Senior Vice President Strategy – resigned 13 December 2010
Mr Sean McClowry	General Manager Knowledge Management/ICT Services
Mr Barry Jones	General Manager Policy and Membership – appointed 31 January 2011
Mr Holger Bietz	General Manager Projects, Financial and Commercial – appointed 1 April 2011
Mr Peter Grubnic	Acting General Manager Projects – ceased acting 31 March 2011
Ms Joan Morrell	Company Secretary

Details of transactions between the Global CCS Institute and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period

	2011	Thirteen month financial period ended 2010
	$	$
Short-term benefits	3,216,586	2,086,446
Post-employment benefits	149,087	102,069
Other long-term benefits	122,263	126,703
	3,487,936	2,315,218

The remuneration of key management personnel is determined by the CEO having regard to a remuneration and benchmarking framework based on market data, and the performance of individuals.

Defined contribution plans

The Global CCS Institute operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Global CCS Institute in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Global CCS Institute are reduced by the amount of forfeited contributions.

The employees of Global CCS Institute are members of various benefit plans operated by trustees. Global CCS Institute is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Global CCS Institute with respect to the retirement benefit plan is to make the specified contributions.

17. (a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2011	2010
	$	$
Cash at bank	145,858,721	90,964,607
	145,858,721	90,964,607

17. (b) Cash balances not available for use

The Global CCS Institute has cash set aside for guarantees and therefore, while legally under the name of Global CCS Institute, is not available for use. As at 30 June 2011, cash balances not available for use totalled $500,000.

17. (c) Non-cash transactions

The Department of Resources, Energy and Tourism gifted certain IT assets, furniture, fittings and office fit-out upon establishment of the Global CCS Institute in June 2009.

GLOBAL CCS INSTITUTE

The amount recognised as in-kind contribution income in the statement of comprehensive income reflects the fair value, as determined by an independent valuation of the contributed assets.

	2011	2010
	$	$
In-kind contributions	-	3,426,056

17. (d) Reconciliation of surplus for the period to net cash flows from operating activities

	2011	2010
	$	$
Surplus for the period	(788,815)	2,344,516
Add: Depreciation and amortisation	1,568,187	1,292,669
Less: in-kind contributions	-	(3,426,056)
Net deficit (surplus) on disposal of assets	13,607	
Change in operating assets and liabilities:		
• Decrease/ (increase) in trade and other receivables	(2,736,212)	(769,921)
• Decrease/ (increase) in other assets	179,321	(974,227)
• Increase/ (decrease) in trade and other payables	(570,364)	1,629,570
• Increase/ (decrease) in other liabilities	(247,436)	1,509,105
• Increase/ (decrease) in deferred revenue	58,538,164	89,309,574
• Increase/ (decrease) in provisions	399,864	553,768
Total net cash flows from operating activities	56,356,316	91,468,998

18. Commitments

Commitments	Within one year	Later than one year but not later than five years	Later than five years	Total
	$	$	$	$
Rental lease commitments	893,944	3,540,366	-	4,434,310
Personnel commitments	11,794,417	7,592,293	-	19,386,710
Project and activity commitments	9,865,477	15,369,058	-	25,234,535
Total commitments	22,553,838	26,501,716	-	49,055,554

Rental lease commitments reflect the expected payments under the operating lease for the premises for the remaining term of the lease.

Personnel commitments reflect costs committed by the Global CCS Institute to its employees who are under contract. The value of the commitments is based on the amount payable to the employee if they were to stay for the full term of their contract.

Project and activity commitments reflect costs committed by Global CCS Institute under project contracts on the basis that the contractor meets the agreed milestones for payment.

GLOBAL CCS INSTITUTE

19. Economic dependency

During the financial period ended 30 June 2011, the Global CCS Institute depended on the Department of Resources, Energy and Tourism (DRET) for approximately 98.6 per cent (2010: 98.8 per cent) of the company's revenue. This revenue is provided under a Funding Agreement which commenced on 30 June 2009.

On 8 September 2011 the Global CCS Institute signed a contract variation to the Funding Agreement with the Australian Government. The contract variation takes into account a reduction of the initial funding grant (AU$410 million to AU$315 million), combined with a re-phasing of the funding period to extend the term of the Funding Agreement from June 2013 to 30 June 2017.

20. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Global CCS Institute, the results of those operations, or the state of affairs of the Global CCS Institute in future financial years other than as noted in this report.