
**Royal Perth Hospital
Medical Research Foundation Incorporated**

**Financial Report
for the year ended 30 June 2018**

Royal Perth Hospital Medical Research Foundation Incorporated

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Royal Perth Hospital Medical Research Foundation Incorporated

OFFICERS' REPORT

BOARD OF MANAGEMENT

Members of the Board of Management serve in a voluntary capacity and are not remunerated. There are no transactions between members of the Board of Management and the Foundation. The names of the members on the Board at any time during the financial year were:

CHAIRPERSON – *Professor Lyn Beazley AO, FTSE, CIE*
Sir Walter Murdoch Distinguished Professor of Science, Murdoch University

DEPUTY CHAIRPERSON – *Mr John Palermo*
Partner, Palermo Chartered Accountants

Dr Aresh Anwar
Acting Executive Director, RPH

Dr David Cox
Barrister, Francis Burt Chambers

Dr Rebecca McCrackan
Principal Advisor Patents and Technical IP – Rio Tinto Legal, Australia

Professor Graham Hillis
Director of Research, East Metropolitan Health Service

Hon. Cheryl Edwardes AIM, GAICD
Commissioner, WA Football Commission

Ms Jocelyn Young GAICD
Executive Officer

Attendees:

Professor Daniel Fatovich (non-voting)
Director of Research, RPH

Immediate Past Chairman (non-voting)
Emeritus Professor Lawrie Beilin AO
Professor of Medicine, School of Medicine and Pharmacology, UWA

Royal Perth Hospital Medical Research Foundation Incorporated

OFFICERS' REPORT (*continued*)

OBJECTIVES

The objectives of the Foundation include: -

- To promote, research and to encourage and advance investigation into the cause, prevention, diagnosis and treatment of all types of illness and in any or all of those branches of knowledge which are relevant or related to this purpose;
- To provide or arrange for all necessary training, accommodation, equipment, laboratories, offices, clerical and technical assistance and other facilities for the carrying out of such research and investigation;
- To bring together medical practitioners and scientists and others for the common benefit and scientific discussions and demonstrations particularly in research and
- To promote research related to the establishment and improvement of medical services to the community.

PRINCIPAL ACTIVITIES

The Royal Perth Hospital Medical Research Foundation seeks to actively enhance Royal Perth Hospital's future as a major teaching hospital by investing in people and infrastructure and working towards creating a clinical research centre of international excellence.

The Foundation works collaboratively with researchers, doctors and scientists from other hospitals, universities and research institutes in an effort to benefit all West Australians by providing grants for post-doctoral and practitioner fellowships, infrastructure grants and various other research grants.

GENERAL INFORMATION

The financial statements cover Royal Perth Hospital Medical Research Foundation Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Royal Perth Hospital Medical Research Foundation Incorporated's functional and presentation currency.

REGISTERED OFFICE

The registered office and principal place of business of the Foundation is:

Royal Perth Hospital Medical Research Foundation Incorporated
197 Wellington Street
Perth Western Australia 6000

Signed on behalf of the officers

.....

John Palermo
Deputy Chairperson

Dated at Perth this 14th day of NOVEMBER 2018

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenue	3	7,274,505	6,671,783
Expenditure			
Bad debts expense		(317,536)	--
Building expenses		(830,633)	(812,607)
Depreciation expenses		(433,342)	(384,102)
Donations expenses		(123,742)	(132,871)
Employee benefits expenses		(374,534)	(334,884)
Fund raising expenses		(2,796)	(3,759)
Infrastructure grants expenses		(100,000)	(146,170)
Management services expenses		(211,009)	(209,102)
Motor vehicle expenses		(6,594)	(7,553)
Office and administrative expenses		(343,247)	(283,518)
Other expenses		(8,705)	--
Provision for doubtful debts		(465,234)	(37,014)
Research grants expenses		(2,017,983)	(2,471,512)
Special project funding expenses	12	(140,637)	(208,527)
Realised loss on disposal of investments		--	(179,575)
Unrealised loss on investments		(1,163,072)	--
Total expenses		(6,539,064)	(5,211,194)
Net surplus for the year		735,441	1,460,589
Other comprehensive income		--	--
Total comprehensive income for the year		735,441	1,460,589

The accompanying notes form part of these financial statements.

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents	4	20,354,577	19,767,897
Trade and other receivables	5	296,461	627,582
Other assets	6	134,070	47,651
Total Current Assets		<u>20,785,108</u>	<u>20,443,130</u>
Non-Current Assets			
Property, plant and equipment	7	28,036,740	26,681,725
Financial assets at fair value through profit or loss	8	27,049,473	27,152,332
Shares in subsidiary company	9	1	1
Total Non-Current Assets		<u>55,086,214</u>	<u>53,834,058</u>
Total Assets		<u>75,871,322</u>	<u>74,277,188</u>
Current Liabilities			
Trade and other payables	10	1,672,773	655,997
Provisions	11	27,061	65,144
Total Current Liabilities		<u>1,699,834</u>	<u>721,141</u>
Total Liabilities		<u>1,699,834</u>	<u>721,141</u>
Net Assets		<u>74,171,488</u>	<u>73,556,047</u>
Equity			
Accumulated funds			
Restricted funds	12	2,648,315	1,651,328
Unrestricted funds	12	58,496,477	58,758,023
Asset revaluation reserve		13,026,696	13,146,696
Total Equity		<u>74,171,488</u>	<u>73,556,047</u>

The accompanying notes form part of these financial statements.

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Funds Restricted \$	Accumulated Funds Unrestricted \$	Share Investment Reserve \$	Asset Revaluation Reserve \$	Total Equity \$
Balance at 1 July 2016	1,721,729	55,248,207	1,978,826	13,146,696	72,095,458
Surplus/(Deficit) for the year					
Allocated to restricted funds	(70,401)	--	--	--	(70,401)
Allocated to unrestricted funds	--	1,530,990	--	--	1,530,990
Transfer from Share Investment Reserve	--	1,978,826	(1,978,826)	--	--
Balance at 30 June 2017	<u>1,651,328</u>	<u>58,758,023</u>	<u>--</u>	<u>13,146,696</u>	<u>73,556,047</u>
Balance at 1 July 2017	1,651,328	58,758,023	--	13,146,696	73,556,047
Surplus/(Deficit) for the year					
Allocated to restricted funds	996,987	--	--	--	996,987
Allocated to unrestricted funds	--	(261,546)	--	--	(261,546)
Net changes in fair value of assets	--	--	--	(120,000)	(120,000)
Balance at 30 June 2018	<u>2,648,315</u>	<u>58,496,477</u>		<u>13,026,696</u>	<u>74,171,488</u>

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Cash flows from operating activities			
Investment income receipts		4,297,234	3,886,837
Bequests and fundraising income receipts		1,948,251	977,264
Payments to suppliers and employees		(1,753,805)	(1,708,405)
Payments for donations and fundraising expenses		(64,667)	(136,630)
Payments for grant expenses		(1,994,463)	(3,030,938)
Payments for special project funding		(140,637)	(208,527)
Other receipts		--	173,071
Net cash provided by/(used in) operating activities	17	2,291,913	(47,328)
Cash flows from investing activities			
Proceeds from sale of investments		2,803,767	2,041,764
Proceeds from sale of property, plant and equipment		20,909	--
Purchase of investments		(3,281,108)	(2,209,479)
Purchase of property, plant and equipment		(1,248,801)	(161,314)
Net cash used in investing activities		(1,705,233)	(329,029)
Net movement in cash and cash equivalents		586,680	(376,357)
Cash and cash equivalents at the beginning of the financial year		19,767,897	20,144,254
Cash and cash equivalents at the end of the financial year	4	20,354,577	19,767,897

The accompanying notes form part of these financial statements

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Foundation's constitution. The Board of Management has determined that the Foundation is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Early adoption of accounting standard AASB 9

Effective as at the reporting date, the Foundation has early adopted AASB 9 Financial Instruments, in its entirety, replacing AASB 139 from the 1 July 2016. Listed shares and listed redeemable notes held by the Foundation were previously classified as available for sale, with any movements (excluding impairment), previously being taken through other comprehensive income ("OCI"). They are now measured at fair value through profit and loss.

The Foundation did have the irrevocable option to continue to recognise changes in the value of these listed shares and redeemable notes through OCI, however this election was not taken. As a result of the change in accounting policy, via the early adoption of AASB 9, the balance of previously recognised movements in listed shares and redeemable notes were transferred within equity from the share investment reserve to accumulated funds. The instruments continue to be measured at fair value, and therefore adoption of AASB 9 has no impact on the Foundation's net assets.

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Foundation has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective and had not been early adopted by the Foundation, with the exception of AASB 9. At the date of this report, the Foundation has not yet finalised their assessment of the impact of the new Accounting Standards on the Foundation's financial statements. The Foundation will make a more detailed assessment of the impact over the next twelve months.

Basis of Preparation

In the officers' opinion, the Foundation is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations. The officers have determined that the accounting policies adopted are appropriate to meet the needs of the members of the Royal Perth Hospital Medical Research Foundation Incorporated.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The following significant accounting policies, which are consistent with the previous financial period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) **Income Tax**

The Foundation is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on periodic valuations by external independent valuers less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all property, plant and equipment, excluding freehold land, is over the asset's useful life to the Foundation commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Buildings	2%
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) **Impairment of Assets**

At the end of each reporting period, the Foundation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

(d) **Employee Benefits**

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

(e) **Provisions**

Provisions are recognised when the Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(f) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(g) **Revenue and Other Income**

Grant revenue is recognised in profit or loss when the Foundation obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Foundation and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

The Foundation receives non-reciprocal contributions of services from third parties for zero or a nominal value. These services are not recognised at fair value as revenue.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(h) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Foundation, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). 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 ATO is included with other receivables or payables in the statement of financial position.

(j) Investments

Investments held are initially recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised in profit or loss.

(k) Fund Accounting

On occasions the Foundation may receive resources restricted for particular purposes. To facilitate observance of these limitations, the financial statements list separately those funds which are restricted or designated and those funds which are unrestricted.

Restricted funds are those funds presently available for use, but expendable only for operating purposes specified by the donor or by statute. When the Board of Management specifies a purpose for the expenditure of funds, where none has been stated by the original donor, such funds are classified as designated funds.

Unrestricted funds are those funds presently available for use by the Foundation at the discretion of the Board of Management.

(l) Comparative Figures

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

NOTE 2: CRITICAL ACCOUNTS JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. In the opinion of management, there are no judgements, estimates and assumptions used in the preparation of this financial report.

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 \$	30 June 2017 \$
NOTE 3: REVENUE		
Donations and bequests	1,942,948	924,426
Investments income	2,529,035	2,586,145
Rent and building income	2,211,667	1,543,554
Fundraising income	1,552	23,432
Profit on disposal of assets	2,680	--
Profit on disposal of investments	582,872	--
Other income	3,751	29,406
Unrealised gain on investments	--	1,564,820
Total revenue	<u>7,274,505</u>	<u>6,671,783</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	1,391,995	3,307,065
Cash on hand	100	37
Cash on deposit	462,482	456,783
Term deposits	18,500,000	16,004,012
	<u>20,354,577</u>	<u>19,767,897</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

Accrued income	168,661	162,606
Trade receivables	597,479	506,986
Less: provision for doubtful debts	(511,758)	(101,035)
Other debtors	1,200	--
Rent receivable	40,879	59,025
	<u>296,461</u>	<u>627,582</u>

NOTE 6: OTHER ASSETS

Prepayments	55,171	40,576
GST	78,899	5,920
Other assets	--	1,155
	<u>134,070</u>	<u>47,651</u>

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 \$	30 June 2017 \$
Note 7: PROPERTY, PLANT AND EQUIPMENT		
LAND		
At valuation	9,340,000	9,460,000
BUILDINGS		
At valuation	19,222,320	17,986,327
Less: accumulated depreciation	(1,263,579)	(889,447)
	17,958,741	17,096,880
 Total land and buildings	 27,298,741	 26,556,880
PLANT AND EQUIPMENT		
At cost	1,741,834	1,573,511
Less accumulated depreciation	(1,003,835)	(1,448,666)
Total plant and equipment	737,999	124,845
 Total property, plant and equipment	 28,036,740	 26,681,725

The land and buildings comprises of four properties at the following addresses:

50 Murray Street, Perth	20,065,948	19,105,687
76 Gingin Road, Lancelin	230,000	350,000
10 Marchant Way, Morley	1,960,960	1,977,360
40 Rudloc Road, Morley	5,041,833	5,123,833
	27,298,741	26,556,880

The carrying value of the properties has been determined by reference to independent valuations, performed by licensed valuers on the following dates:

50 Murray Street, Perth	30 June 2016
76 Gingin Road, Lancelin	30 October 2017
10 Marchant Way, Morley	28 August 2015
40 Rudloc Road, Morley	25 September 2014

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 \$	30 June 2017 \$
NOTE 8: FINANCIAL ASSETS THROUGH PROFIT AND LOSS		
Investments in shares and managed funds in listed companies	27,049,473	27,152,332
NOTE 9: SHARES IN SUBSIDIARY COMPANY		
MRF Syndicates Pty Ltd	1	1
MRF Syndicates Pty Ltd is a wholly owned subsidiary which is dormant. Consolidated financial statements are not considered necessary as the value of the investment is \$1.		
NOTE 10: TRADE AND OTHER PAYABLES		
Trade payables	1,008,187	241,436
Other payables and accruals	664,586	414,561
	1,672,773	655,997
NOTE 11: PROVISIONS		
Employee entitlements	27,061	65,144

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 \$	30 June 2017 \$
NOTE 12: ACCUMULATED SURPLUS		
Restricted Funds (a)		
Bar Stokes Research & Travel Fund (1)	50,155	52,229
J Cooney Medical Research Fund (2)	162,452	175,942
Ray Dobney Research Fund (3)	1,073,643	1,074,320
Pilbara Kidney Disease Research Fund (4)	34,053	29,054
Royal Perth Hospital Deposit (5)	--	11,353
Trauma Nurses Course Fund (6)	21,308	21,000
Laurissa Gooch Research Fund (7)	43,287	41,755
Cardioelectro Physiology Research (8)	--	114,395
P.A.R.T.Y. Program Donations	10,573	6,436
West Family Trust Research Fund (9)	111,844	111,844
Anthony Ryan – Renal Research Fund	--	10,000
McCusker Charitable Foundation (12)	100,000	--
Donation – French HIV Study	3,000	3,000
Emergency Department (10)	38,000	--
Stan Perron Charitable Foundation (11)	1,000,000	--
	<u>2,648,315</u>	<u>1,651,328</u>
Unrestricted	<u>58,496,477</u>	<u>58,758,023</u>
(a) Restricted funds		
Balance at the beginning of the year	1,651,328	1,721,729
Funds received	1,148,977	138,126
Expenditure on designated funds	(140,637)	(208,527)
Transfer to general funds	(11,353)	--
Net movement	<u>996,987</u>	<u>(70,401)</u>
Balance at the end of the year	<u>2,648,315</u>	<u>1,651,328</u>
(1) The fund is used for the purposes of research, education and travel associated with the activities of the Foundation.		
(2) The fund is used for the purposes of equipment, education and associated travel within the RPH Haematology Department.		
(3) The fund is to be applied towards the construction of a Cellular and Tissue Therapies Laboratory and specified research projects.		
(4) The fund is used to reimburse RPH staff for work in the Pilbara region.		
(5) Funds were held on behalf of the Royal Perth Hospital Research Administration and Governance in the roll out of the Research Management System.		

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 12: ACCUMULATED SURPLUS (*continued*)

- (6) This fund is used to reimburse Trauma Nurses for courses attended.
- (7) This fund provides the research into Crohn's disease and associated conditions.
- (8) This fund is used to support research in the field of Cardiac Electrophysiology.
- (9) This fund is provided for \$40,000 Heart Research, \$40,000 Diabetes Research and \$31,844 Cancer Research
- (10) This fund is provided to use in the Emergency Department.
- (11) Funds are held to be used to provide support for The Marshall Centre.
- (12) Funds are held to be contributed towards the purchase of the Mass Spectrometer.

NOTE 13: SHARE INVESTMENT RESERVE

	30 June 2018	30 June 2017
	\$	\$
Balance at beginning of financial year	--	1,978,826
Valuation loss for the year	--	--
Transfer to Accumulated Funds	--	(1,978,826)
	<hr/>	<hr/>
Balance at the end of the year	--	--

NOTE 14: COMMITMENTS

(a) Research grant commitments

Research grants relate to:

- (i) Postdoctoral and practitioner fellowship grants, terms up to 3 years.

Future minimum grants payable under non-cancellable grant agreements at the reporting date:

Within one year	1,782,907	2,020,514
After one year but not more than five years	3,264,865	2,191,401
	<hr/>	<hr/>
Total commitments	5,047,772	4,211,915

NOTE 15: CONTINGENCIES

There are no contingencies as at 30 June 2018 (2017: None).

NOTE 16: EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018 \$	30 June 2017 \$
NOTE 17: RECONCILIATION OF SURPLUS TO NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	735,441	1,460,589
Adjustments for:		
Depreciation and amortisation	433,342	384,102
Provisions	-	37,014
Revaluation of shares	1,163,072	(1,564,820)
Gain on sale of property, plant and equipment	(2,680)	-
Net loss/(gain) on sale of shares	(582,872)	179,575
Payables relating to purchase of property, plant and equipment	(677,785)	-
Change in operating assets and liabilities:		
• Trade and other receivables	337,176	(87,558)
• Accrued revenue	(6,055)	(5,304)
• Prepayments	(13,440)	1,478
• Trade and other payables	1,016,776	(413,405)
• Employee provisions	(38,083)	(46,708)
• GST	(72,979)	7,709
Net cash from operating activities	2,291,913	(47,328)

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT BY BOARD OF MANAGEMENT

The Board of Management has determined that the Royal Perth Hospital Medical Research Foundation Incorporated is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

In the opinion of the Board of Management:

1. The financial report presents a true and fair view of the financial position of the Royal Perth Hospital Medical Research Foundation Incorporated as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
2. The financial statements and notes comply with the Australian Accounting Standards to the extent described in Note 1;
3. The financial statements have been prepared to meet the requirements of its Constitution and for the purposes of complying with the *Australian Charities and Not-for-profits Commission Act 2012*; and
4. At the date of this statement, there are reasonable grounds to believe that Royal Perth Hospital Medical Research Foundation Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Management and is signed for and on behalf of the Board of Management by:



.....
John Palermo
Deputy Chairperson

Dated at Perth this 14th day of NOVEMBER 2018

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ROYAL PERTH HOSPITAL MEDICAL RESEARCH FOUNDATION INCORPORATED**

Opinion

We have audited the financial report of Royal Perth Hospital Medical Research Foundation Incorporated (the Foundation), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the board of management.

In our opinion, the financial report of the Foundation has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2012*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Foundation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Basis of Accounting

We draw attention to Note 1, which describes the basis of accounting. The financial report has been prepared to assist the Foundation to meet the requirements of its Constitution and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Other Information

Management is responsible for the other information. The other information comprises the officers' report, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The board of management of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with basis of accounting as described in Note 1 and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the board of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board of management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PTY LTD



Perth, WA

Dated: 14 November 2018

TUTU PHONG
Director

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Royal Perth Hospital Medical Research Foundation Incorporated for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PTY LTD

A handwritten signature in black ink that appears to read 'Tutu Phong'.

TUTU PHONG
Director

Perth, WA
Dated: 14 November 2018

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