
**Royal Perth Hospital
Medical Research Foundation
Incorporated**

**Financial Report
for the year ended 30 June 2017**

Royal Perth Hospital Medical Research Foundation Incorporated

CONTENTS

Officers' Report	3
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Statement by Board of Management	20
Independent Auditor's Report	21
Auditor's Independence Declaration	22

Royal Perth Hospital Medical Research Foundation Incorporated

OFFICERS' REPORT

COMMITTEE OF MANAGEMENT (1 July 2016 to 14 February 2017)

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

CHAIRPERSON – Emeritus Professor Lawrie Beilin AO
Professor of Medicine, School of Medicine and Pharmacology, UWA

DEPUTY CHAIRPERSON – Professor Martyn French
Clinical Immunologist, RPH

TREASURER – Mr John Palermo
Partner, Palermo Chartered Accountants

EXECUTIVE OFFICER – Mr Neill Hodgen

Dr Aresh Anwar
Acting Executive Director, RPH

Dr David Cox
Lawyer, Jackson McDonald

Professor David Nolan
Director of Research, RPH

Clinical Associate Professor Donna Taylor
Consultant Radiologist

Professor Frank Christiansen
Consultant Immunologist

Winthrop Professor Gerald Watts
Professor of Cardiometabolic Medicine;
Head of Department, School of Medicine and Pharmacology, UWA

Clinical Professor John Burnett
Consultant Medical Biochemist, RPH

Professor Leon Flicker
Professor of Geriatric Medicine, UWA

Professor Lyn Beazley
Sir Walter Murdoch Distinguished Professor of Science, Murdoch University

Professor Markus Schlaich
Professor of Medicine, School of Medicine and Pharmacology, UWA
Dobney Chair in Clinical Research

Professor Peter Leedman
Director, Harry Perkins Institute of Medical Research

Royal Perth Hospital Medical Research Foundation Incorporated

OFFICERS' REPORT (*continued*)

Dr Mark Platell

Director of Clinical Services, RPH

Mr Nicholas Wells

Manager, Capability & Contracts, MLM Drilling Pty Ltd

BOARD OF MANAGEMENT (15 February 2017 to 30 June 2017)

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

Professor David Nolan

Director of Research, RPH

Hon. Cheryl Edwardes AIM, GAICD

Commissioner, WA Football Commission

Ms Jocelyn Young GAICD

Joce Young Consulting,
Leadership & Strategy Consultant

Attendees:

Immediate Past Chairman (non-voting)

Emeritus Professor Lawrie Beilin AO

Professor of Medicine, School of Medicine and Pharmacology, UWA

Executive Officer (non-voting)

Mr Neill Hodgen

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.
- 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

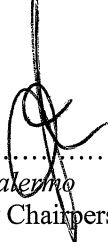
The financial statements cover Royal Perth Hospital Medical Research Foundation Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Royal Perth Hospital Medical Research Foundation Incorporated's functional and presentation currency.

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 7th day of November 2017

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Revenue	3	6,671,783	7,247,535
Expenditure			
Building expenses		(812,607)	(994,047)
Depreciation expenses		(384,102)	(116,972)
Donations expenses		(132,871)	(157,720)
Employee benefits expenses		(334,884)	(391,028)
Fund raising expenses		(3,759)	(11,045)
Impairment expense		--	(2,162,422)
Infrastructure grants expenses		(146,170)	(182,276)
Realised loss on disposal of investments		(179,575)	--
Management services expenses		(209,102)	(205,616)
Motor vehicle expenses		(7,553)	(8,547)
Office and administrative expenses		(283,518)	(264,681)
Other expenses		--	(1,854)
Provision for doubtful debts		(37,014)	(64,528)
Research grants expenses		(2,471,512)	(2,882,271)
Special project funding expenses	12	(208,527)	(294,672)
Total expenses		(5,211,194)	(7,737,679)
Net surplus/(deficit) for the year		1,460,589	(490,144)
Other comprehensive income			
Net changes in fair values of investments		--	(1,570,181)
Total comprehensive income for the year		1,460,589	(2,060,325)

The accompanying notes form part of these financial statements.

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents	4	3,763,885	4,154,880
Held-to-maturity investments		16,004,012	15,989,374
Trade and other receivables	5	627,582	586,795
Other assets	6	47,651	55,683
Total Current Assets		20,443,130	20,786,732
Non-Current Assets			
Property, plant and equipment	7	26,681,725	26,931,579
Financial assets at fair value through profit or loss	8	27,152,332	25,585,466
Shares in subsidiary company	9	1	1
Total Non-Current Assets		53,834,058	52,517,046
Total Assets		74,277,188	73,303,778
Current Liabilities			
Trade and other payables	10	655,997	1,096,468
Provisions	11	65,144	111,852
Total Current Liabilities		721,141	1,208,320
Total Liabilities		721,141	1,208,320
Net Assets		73,556,047	72,095,458
Equity			
Accumulated funds			
Restricted funds	12	1,651,328	1,721,729
Unrestricted funds	12	58,758,023	55,248,207
Share investment reserve	13	--	1,978,826
Asset revaluation reserve		13,146,696	13,146,696
Total Equity		73,556,047	72,095,458

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 2017

	Accumulated Funds Restricted \$	Accumulated Funds Unrestricted \$	Share Investment Reserve \$	Asset Revaluation Reserve \$	Total Equity \$
Balance at 1 July 2015	1,999,688	55,460,392	3,200,414	13,495,289	74,155,783
Comprehensive income					
(Deficit) for the year					
Allocated to restricted funds	(277,959)	--	--	--	(277,959)
Allocated to unrestricted funds	--	(212,185)	--	--	(212,185)
Other comprehensive income					
Net changes in fair value of investments	--	--	(1,221,588)	(348,593)	(1,570,181)
Total comprehensive income	(277,959)	(212,185)	(1,221,588)	(348,593)	(2,060,325)
Balance at 30 June 2016	1,721,729	55,248,207	1,978,826	13,146,696	72,095,458
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	1,651,328	58,758,023	--	13,146,696	73,556,047

The accompanying notes form part of these financial statements.

Royal Perth Hospital Medical Research Foundation Incorporated

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities			
Investment income		3,886,837	4,281,862
Bequests and fundraising income		977,264	1,997,614
Payments to suppliers and employees		(1,708,405)	(1,988,830)
Donations and fundraising expenses		(136,630)	(168,765)
Grant expenses		(3,030,938)	(2,493,629)
Special project funding		(208,527)	(294,672)
Other		173,071	(150,000)
Net cash from operating activities	17	(47,328)	1,183,580
Cash flows from investing activities			
Proceeds from sale of investments		2,041,764	4,089,459
Proceeds from sale of property, plant and equipment		--	10,454
Return of capital on investments		--	7,793
Purchase of investments		(2,224,117)	(3,237,989)
Purchase of property, plant and equipment		(161,314)	(53,540)
Net cash from investing activities		(343,667)	816,177
Net movement in cash and cash equivalents		(390,995)	1,999,757
Cash and cash equivalents at the beginning of the financial year		4,154,880	2,155,123
Cash and cash equivalents at the end of the financial year	4	3,763,885	4,154,880

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 2017

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 is not able to estimate 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 2017

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 2017

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) **Held-to-Maturity Investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Foundation's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(h) **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).

(i) **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.

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(i) **Leases (*continued*)**

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.

(j) **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.

(k) **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.

(l) **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.

(m) **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 2017

	30 June 2017 \$	30 June 2016 \$
NOTE 3: REVENUE		
Donations and bequests	924,426	1,917,711
Investments income	2,586,145	2,803,810
Rent and building income	1,543,554	1,543,870
Fundraising income	23,432	30,112
Profit on disposal of assets	--	3,219
Profit on disposal of investments	--	899,022
Other income	29,406	49,791
Unrealised gain on investments	1,564,820	--
Total revenue	6,671,783	7,247,535

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	3,307,065	3,704,056
Cash on hand	37	11
Cash on deposit	456,783	450,813
	3,763,885	4,154,880

NOTE 5: TRADE AND OTHER RECEIVABLES

Accrued income	162,606	157,302
Trade receivables	506,986	344,021
Less: provision for doubtful debts	(101,035)	(64,528)
Other debtors	--	150,000
Rent receivable	59,025	--
	627,582	586,795

NOTE 6: OTHER ASSETS

Prepayments	40,576	42,054
GST	5,920	13,629
Other assets	1,155	--
	47,651	55,683

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 \$	30 June 2016 \$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
LAND		
At valuation	9,460,000	9,460,000
BUILDINGS		
At valuation	17,986,327	17,920,000
Less: accumulated depreciation	(889,447)	(530,407)
	17,096,880	17,389,593
 Total land and buildings	 26,556,880	 26,849,593
PLANT AND EQUIPMENT		
At cost	1,573,511	1,475,994
Less accumulated depreciation	(1,448,666)	(1,394,008)
Total plant and equipment	124,845	81,986
 Total property, plant and equipment	 26,681,725	 26,931,579

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

50 Murray Street, Perth	19,105,687	19,300,000
76 Gingin Road, Lancelin	350,000	350,000
10 Marchant Way, Morley	1,977,360	1,993,760
40 Rudloc Road, Morley	5,123,833	5,205,833
	26,556,880	26,849,593

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	24 September 2014
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 2017

	30 June 2017 \$	30 June 2016 \$
NOTE 8: FINANCIAL ASSETS THROUGH PROFIT AND LOSS		
Investments in shares and managed funds in listed companies	<u>27,152,332</u>	<u>25,585,466</u>
NOTE 9: SHARES IN SUBSIDIARY COMPANY		
MRF Syndicates Pty Ltd	<u>1</u>	<u>1</u>
<p>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.</p>		
NOTE 10: TRADE AND OTHER PAYABLES		
Trade payables	241,436	483,201
Other payables and accruals	414,561	613,267
	<u>655,997</u>	<u>1,096,468</u>
NOTE 11: PROVISIONS		
Employee entitlements	<u>65,144</u>	<u>111,852</u>

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: ACCUMULATED SURPLUS	30 June 2017	30 June 2016
	\$	\$
Restricted Funds (a)		
Bar Stokes Research & Travel Fund (1)	52,229	54,534
J Cooney Medical Research Fund (2)	175,942	175,942
Ray Dobney Research Fund (3)	1,074,320	1,280,542
Pilbara Kidney Disease Research Fund (4)	29,054	29,054
Royal Perth Hospital Deposit (5)	11,353	11,353
Trauma Nurses Course Fund (6)	21,000	11,000
Lourissa Gooch Research Fund (7)	41,755	40,015
Cardioelectro Physiology Research (8)	114,395	114,395
P.A.R.T.Y. Program Donations	6,436	1,894
West Family Trust Research Fund (9)	111,844	--
Anthony Ryan – Renal Research Fund Donation – French HIV Study	10,000	--
	3,000	3,000
	<u>1,651,328</u>	<u>1,721,729</u>
Unrestricted	<u>58,758,023</u>	<u>55,248,207</u>
 (a) Restricted funds		
Balance at the beginning of the year	1,721,729	1,999,688
Funds received	138,126	16,713
Expenditure on designated funds	(208,527)	(294,672)
Net movement	<u>(70,401)</u>	<u>(277,959)</u>
Balance at the end of the year	<u>1,651,328</u>	<u>1,721,729</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 are held on behalf of the Royal Perth Hospital Research Administration and Governance in the roll out of the Research Management System.
- (6) This fund is used to reimburse Trauma Nurses for courses attended.

Royal Perth Hospital Medical Research Foundation Incorporated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: ACCUMULATED SURPLUS *(continued)*

- (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

NOTE 13: SHARE INVESTMENT RESERVE

	30 June 2017	30 June 2016
	\$	\$
Balance at beginning of financial year	1,978,826	3,200,414
Valuation loss for the year	--	(1,221,588)
Transfer to Accumulated Funds	(1,978,826)	--
	--	--
Balance at the end of the year	--	1,978,826

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	2,020,514	2,740,550
After one year but not more than five years	2,191,401	1,766,635
	4,211,915	4,507,185
Total commitments	4,211,915	4,507,185

NOTE 15: CONTINGENCIES

There are no contingencies as at 30 June 2017 (2016: None).

NOTE 16: EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2017 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 2017

	30 June 2017	30 June 2016
NOTE 17: RECONCILIATION OF SURPLUS TO NET CASH FROM OPERATING ACTIVITIES	\$	\$
Net Surplus/(Deficit) for the year	1,460,589	(490,144)
Adjustments for:		
Depreciation and amortisation	384,102	116,972
Provisions	37,014	64,528
Revaluation of shares	(1,564,820)	2,162,422
Net (gain) on sale of property, plant and equipment	-	(3,219)
Net loss/(gain) on sale of shares	179,575	(899,022)
Change in operating assets and liabilities:		
· Trade and other receivables	(87,558)	(111,989)
· Accrued revenue	(5,304)	(91,011)
· Prepayments	1,478	7,162
· Trade and other payables	(436,476)	438,582
· Employee provisions	(46,708)	4,616
· GST	7,709	(15,317)
· Other liabilities	23,071	--
Net cash from operating activities	(47,328)	1,183,580

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 2017 and its performance for the year ended on that date; and
2. The financial statements and notes comply with the Accounting Standards to the extent described in Note 1;
3. The financial statements have been prepared in accordance with 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 7th day of November 2017



RSM Australia Pty Ltd

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 8 9261 9100

F +61 8 9261 9111

www.rsm.com.au

**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 2017, 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 2017 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 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

Other Information

Management is responsible for the other information. The other information comprises the officers' report included in the Foundation's financial report for the year ended 30 June 2017, 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 describe 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.

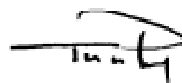
Auditor's Responsibilities for the Audit of the Financial Report

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



TUTU PHONG
Director

Perth, WA
Dated: 13 November 2017



RSM Australia Pty Ltd

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 8 9261 9100

F +61 8 9261 9111

www.rsm.com.au

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 2017, 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.

RSM AUSTRALIA PTY LTD

TUTU PHONG
Director

Perth, WA
Dated: 7 November 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation