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**NEUROSCIENCE RESEARCH AUSTRALIA  
(A COMPANY LIMITED BY GUARANTEE)**

**ABN 94 050 110 346**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**NEUROSCIENCE RESEARCH AUSTRALIA**

**ABN 35 050 110 346**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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This annual report is the consolidated report for Neuroscience Research Australia ("the Company"), its registered office and principal place of business is:

Neuroscience Research Australia  
Margarete Ainsworth Building  
139 Barker Street  
Randwick, NSW 2031

The principal activities of the entity during the financial period were the conduct of medical research in the neurosciences, development of medical research facilities and fundraising to support these activities.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

***Nikki Williams – Independent Director***

Nikki Williams was appointed Director in May 2014. She is a consultant and company director. She was the former Chief Executive of the Australian Coal Association. She resigned as a Director in February 2018.

***Rodney Phillips – Nominee of University of New South Wales***

Rodney Phillips was appointed Director in August 2015. Rodney was granted a leave of absence in May 2017 for the remainder of the year due to a health issue. He is Dean of Medicine at the University of New South Wales.

***Norbert Schweizer OAM – Independent Director***

Norbert Schweizer was appointed Director in November 2015. He is the founding partner of Schweizer Kobras, Lawyers and Notaries and is an accredited business law specialist. He resigned as a Director in February 2018.

***Alice Kase – Independent Director***

Alice Kase was appointed Director in May 2016. She is a partner at PricewaterhouseCoopers. She resigned as a Director in February 2018.

***Michael Still - Nominee of South Eastern Sydney Local Health District***

Michael Still was appointed Director in November 2016. He is Chairman of the South East Sydney Local Health District.

***Emma Johnston AO – Nominee of University of New South Wales***

Emma Johnston was appointed Director in February 2018. She is Dean of Science at the University of New South Wales.

***Dr Julian Adler – Independent Director***

Julian Adler was appointed Director in February 2018 and is Radiologist and CEO of Castlereagh Imaging.

***Peter Joseph AM – Independent Director***

Peter Joseph was appointed Director in February 2018 and is Chairman of the Black Dog Institute.

***Bob Mansfield AO – Independent Director***

Bob Mansfield was appointed Director in February 2018. He holds a number of non-executive director positions and was the former Chairman of Telstra.

***Mark Nelson – Independent Director***

Mark Nelson was appointed Director in February 2018 and is Executive Chairman of Caledonia (Private) Investments Pty Limited.

***Kristin Stubbins – Independent Director***

Kristin Stubbins was appointed Director in May 2018. She is a partner at PricewaterhouseCoopers.

**NEUROSCIENCE RESEARCH AUSTRALIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report together with the consolidated financial statements of the Group comprising Neuroscience Research Australia ("the Company"), and its subsidiaries, for the year ended 31 December 2018 and the auditor's report thereon.

**DIRECTORS**

The names and details of directors of the Company in office at any time during or since the end of the financial period are:

***John Grill AO - Independent Director & Chairman***

John Grill was appointed Director in July 2010 and appointed Chairman in May 2016. He is Chairman of WorleyParsons Limited.

***Peter Schofield – Executive Director***

Peter Schofield was appointed Executive Director in July 2004. He is Chief Executive Officer of Neuroscience Research Australia. He resigned as a Director in February 2018 but continues as Chief Executive Officer.

***Barry Shepherd PSM – Independent Director***

Barry Shepherd was appointed Director in July 2005. He is a consultant and a former Director of Corporate Services, South Eastern Sydney and Illawarra Health Services. He resigned as a Director in February 2018.

***Richard Matthews AM - Nominee of South Eastern Sydney Local Health District***

Richard Matthews was appointed Director in November 2011. He is a consultant and was the former Deputy Director General Strategic Development for NSW Health.

***Jennifer Alexander – Nominee of University of New South Wales to February, Nominee of Minister for Health from February***

Jennifer Alexander was appointed Director in January 2013. She is Pro Chancellor of The University of New South Wales and a member of the UNSW Council and former Chief Executive Officer of the Royal Australasian College of Physicians.

***Clyde McConaghy - Independent Director***

Clyde McConaghy was appointed Director in August 2013. He is a company director on a number of public listed and private companies. He resigned as a Director in February 2018.

***Anna Katzmann - Independent Director***

Anna Katzmann was appointed Director in September 2013. She is a Judge of the Federal Court of Australia. She resigned as a Director in February 2018.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

**NEURA GOVERNING COUNCIL**

The Governing Council is a Board Committee and oversees the operations and functions of the NeuRA Division. The NeuRA Governing Council is responsible for setting and monitoring the strategic direction of the NeuRA Division; managing and monitoring the use of the resources of the NeuRA Division in conformity with the strategic direction of the NeuRA Division; considering and approving (if thought fit) any recommendations from FRACC for budgets for the NeuRA Division, and then recommending to the Board of the Company the adoption of budgets for the NeuRA Division; managing and monitoring the performance of the NeuRA Division against Board approved budgets; and, all other things that are incidental or conducive to the 'primary aims' of the Company as they relate to the NeuRA Division, including the execution of contracts of employment and the engagement of contractors, within the applicable delegations.

The members of the NeuRA Governing Council during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
A Katzmann (Chair from May 2018)	From February 2018
J Adler	From April 2018
A Kase (Chair to May 2018)	From February 2018
B Shepherd	From February 2018
C McConahgy	From February 2018
K O'Doherty	From August 2018
N Schweizer	From February 2018
J Watkins	From July 2018
P Schofield (ex officio non-voting)	From February 2018

**FINANCE, RISK, AUDIT AND COMPLIANCE (FRAC) COMMITTEE**

The FRAC Committee is a Board Committee and oversees all financial, risk, audit and compliance aspects of NeuRA. This committee is a joint committee, providing oversight of the activities of the Company, Neuroscience Research Australia, its NeuRA Division and the Mindgardens Neuroscience Network and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute.

The members of the FRAC Committee during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
J Alexander (Chair)	
B Shepherd	
S Blackman	
C Barton	
P Schofield	
K Johnston (ex officio non-voting)	
A Dermott (ex officio non-voting)	To May 2018
P Somaiya (ex officio non-voting)	From September 2018

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

**INVESTMENT COMMITTEE**

The Investment Committee oversees and makes investment recommendations to the Boards of Directors to support NeuRAs research and associated infrastructure. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute.

The members of the Investment Committee during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
C McConaghy (Chair)	
C Cameron	
P Schofield (ex officio voting)	
P Somaiya (ex officio non-voting)	From September 2018
A Dermott (ex officio non-voting)	To May 2018

**BUILDING COMMITTEE**

The Building Committee oversees building projects and makes recommendations to the Board to ensure NeuRA's facilities are world-class.

The members of the Building Committee during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
B Shepherd (Chair)	
R Matthews	
J Freeman (external voting)	
P Schofield (ex officio voting)	
J Adler	From July 2018

**NOMINATION COMMITTEE**

The nomination committee reviews the balance of skills, experience and diversity of the Boards and Committees to ensure the Directors and members are of the highest value to the company. It is also responsible for the Chief Executive Officer's remuneration. Each year the Chief Executive Officer presents a report to the Chairman outlining a statement of objectives for the next 12 months and achievements for the previous 12 months. After considering this report the committee (excluding the Chief Executive Officer) reviews the Chief Executive Officer's remuneration and decides if it is appropriate to award part or all of the short term bonus component. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute.

The members of the Nomination Committee during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
J Grill (Chair)	
N Williams	To February 2018
P Schofield	
N Schweizer	To February 2018
P Joseph	From February 2018
R Phillips	From February 2018
M Still	From February 2018
H Christensen (ex officio voting)	From March 2018

**NEUROSCIENCE RESEARCH AUSTRALIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

**SCHIZOPHRENIA RESEARCH COUNCIL**

The Schizophrenia Research Council advocates for research into understanding the causes, treatment and eventual cure of schizophrenia at NeuRA and more broadly in Australia; Raise awareness about, and profile schizophrenia research through meetings and activities that promote and support schizophrenia research, and facilitate scientific research collaboration, especially within NSW; advise NeuRA and the broader community on schizophrenia research priorities through obtaining input from carers, consumers, educators, clinicians and scientists; advise NeuRA on the priorities for the establishment of a Tertiary Referral Service for Psychosis and other translational activities that will enhance the treatment options for those living with schizophrenia, and; advise the NeuRA Foundation on fundraising and communications opportunities for raising the profile and understanding of schizophrenia in the community and support for schizophrenia research.

The members of the Schizophrenia Research Council during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
A Harris (Chair)	
M O'Donnell	
C Shannon Weickert	
P Schofield	
N Schweizer	
E Urban	
R Ramjan	
F Dark	From July 2018
P Michie	From July 2018

**EXECUTIVE COMMITTEE**

The Executive Committee (through the CEO), advises the Board on strategic, research, capital, business and operational, branding and marketing, and fundraising and philanthropic priorities; review and advise the Board on the Budget; advise the Board on Research Governance; implement Research Governance Policies and Procedures; subject to the Board delegations, approve policies; advise the Board of the Mindgardens CEO Position Description; advise the Board on opportunities to optimise collaboration, sharing of infrastructure, staff and resources by Mindgardens member organisations; advise and assist the CEO with implementation of the Board Approved Mindgardens Strategy, Budget and Policies; monitor and review the implementation of the Mindgardens strategies and priorities; and assist the Mindgardens CEO as required.

The members of the Executive Committee during the year were:

<b>MEMBER</b>	<b>CHANGES TO APPOINTMENT</b>
H Christensen (Co-Chair)	Ex officio voting
P Schofield (Co-Chair)	Ex officio voting
M Farrell	
D Pearce	
T Wilson	
J Watson	From October 2018
C White	From October 2018

**NON-EXECUTIVE DIRECTORS**

Non-executive directors were not paid any compensation during the period.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

**DIRECTORS' MEETINGS**

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial period are:

DIRECTOR	BOARD		GOVERNING COUNCIL		FINANCE, RISK, AUDIT, COMPLIANCE COMMITTEE		INVESTMENT COMMITTEE		BUILDING COMMITTEE		NOMINATION COMMITTEE		SCHIZOPHRENIA RESEARCH COUNCIL		EXECUTIVE COMMITTEE	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
J Grill	8	8	-	-	-	-	-	-	-	-	6	6	-	-	-	-
P Schofield	1	1	-	-	1	1	1	1	1	1	-	-	-	-	-	-
B Shepherd	1	0	-	-	1	1	-	-	1	1	-	-	-	-	-	-
R Matthews	8	6	-	-	-	-	-	-	2	1	-	-	-	-	-	-
J Alexander	8	7	-	-	7	6	-	-	-	-	-	-	-	-	-	-
C McConaghy	1	1	-	-	-	-	1	1	-	-	-	-	-	-	-	-
A Katzmann	1	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N Williams	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R Phillips	8	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N Schweizer	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A Kase	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M Still	8	7	-	-	-	-	-	-	-	-	6	6	-	-	-	-
E Johnston	8	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
J Adler	8	8	4	3	-	-	-	-	1	1	-	-	-	-	-	-
P Joseph	8	7	-	-	-	-	-	-	-	-	6	6	-	-	-	-
B Mansfield	8	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M Nelson	8	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K Stubbins	5	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**A** - Number of meetings held during the time the director held office during the period

**B** - Number of meetings attended

**COMPANY SECRETARY**

Andrew Dermott was appointed Company Secretary in October 2000 and resigned in April 2018. Kate Johnston was appointed Company Secretary in April 2018.

**BOARD COMMITTEE MEETINGS**

The following individuals have been appointed to board committees listed below, and the number of meetings attended during the financial period are:

MEMBER	GOVERNING COUNCIL		FINANCE, RISK, AUDIT, COMPLIANCE COMMITTEE		INVESTMENT COMMITTEE		BUILDING COMMITTEE		NOMINATION COMMITTEE		SCHIZOPHRENIA RESEARCH COUNCIL		EXECUTIVE COMMITTEE	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
P Schofield	5	5	6	5	5	5	1	1	5	5	4	4	13	11
B Shepherd	5	3	6	5	-	-	1	1	-	-	-	-	-	-
C Barton	-	-	3	3	-	-	-	-	-	-	-	-	-	-
S Blackman	-	-	7	7	-	-	-	-	-	-	-	-	-	-
C Cameron	-	-	-	-	6	5	-	-	-	-	-	-	-	-
C McConaghy	5	5	-	-	5	5	-	-	-	-	-	-	-	-
A Katzmann	5	4	-	-	-	-	-	-	-	-	-	-	-	-
N Schweizer	5	5	1	1	-	-	-	-	-	-	4	4	-	-
A Kase	5	5	-	-	-	-	-	-	-	-	-	-	-	-
J Freeman	-	-	-	-	-	-	2	2	-	-	-	-	-	-
A Harris	-	-	-	-	-	-	-	-	-	-	4	4	-	-
M O'Donnell	-	-	-	-	-	-	-	-	-	-	4	4	-	-
C Shannon Weickert	-	-	-	-	-	-	-	-	-	-	4	2	-	-
E Urban	-	-	-	-	-	-	-	-	-	-	4	3	-	-
R Ramjan	-	-	-	-	-	-	-	-	-	-	4	3	-	-
F Dark	-	-	-	-	-	-	-	-	-	-	2	2	-	-
P Michie	-	-	-	-	-	-	-	-	-	-	2	1	-	-
H Christensen	-	-	-	-	-	-	-	-	-	-	-	-	13	11
M Farrell	-	-	-	-	-	-	-	-	-	-	-	-	13	7
D Pearce	-	-	-	-	-	-	-	-	-	-	-	-	13	11
T Wilson	-	-	-	-	-	-	-	-	-	-	-	-	13	10
J Watson	-	-	-	-	-	-	-	-	-	-	-	-	3	3
C White	-	-	-	-	-	-	-	-	-	-	-	-	3	3

**A** - Number of meetings held during the time the director held office during the period

**B** - Number of meetings attended



**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

**PRINCIPAL ACTIVITY**

The principal activities of the Group during the course of the financial period were the conduct of medical research, the development of medical research facilities and fundraising activities. Included within the Group are Neuroscience Research Australia and Neuroscience Research Australia Foundation. Accordingly, consolidated financial statements have been prepared. In 2015 the Schizophrenia Research Institute merged with Neuroscience Research Australia and the activities of that company are now included in the Group. During the year, the Mindgardens Alliance was entered into by the Company. Refer to significant changes in the state of affairs for more information.

**PERFORMANCE**

The profit of the Group for the year ended 31 December 2018 was \$299,961 (2017: surplus of \$6,190,983 restated). The result for the Group was considered satisfactory.

During the period the Group received research grants from the National Health and Medical Research Council and various other grant giving bodies to fund research programmes and grants from the State Government in respect of research infrastructure. The Company also received donations and conducted fundraising activities, the proceeds of which were used to fund current and future medical research activities.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The Mindgardens Alliance Establishment Agreement was signed on 22 December 2017 and was passed by board resolution on 8 February 2018. The agreement came into effect on 1 January 2018. As a consequence seven directors resigned and were replaced by six new directors. The aim of the Alliance is to build a world class, internationally recognised, research collaboration, based on the complementary skills and capacity of the Alliance members, UNSW Sydney, South Eastern Sydney Local Health District, Black Dog Institute and Neuroscience Research Australia. In the opinion of the directors, there were no other significant changes in the state of affairs of the entity that occurred during the period under review that are not otherwise disclosed in this report. NeuRA's enterprise is now managed by the NeuRA Governing Council as a Committee of the Company.

**LIKELY DEVELOPMENTS AND EXPECTED OPERATING RESULTS**

The entity will continue to pursue the principal activities of the Group during the course of the financial period being the conduct of medical research, the development of medical research facilities and fundraising activities.

**INSURANCE OF DIRECTORS AND OFFICERS**

During the financial year, insurance for directors, the secretary and certain officers of the entity was provided by Chubb Insurance. During or since the financial year, the entity has not indemnified or made a relevant agreement to indemnify an officer or auditor of the entity or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the entity has not paid, or agreed to pay a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

**ENVIRONMENTAL REGULATION**

The entity's operations includes research on genetically modified laboratory animals and as such complies with the Office of Gene Technology Regulator (OGTR) which is a part the Commonwealth government.

**NEUROSCIENCE RESEARCH AUSTRALIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)**

**OBJECTIVES AND STRATEGY**

The Group's principal activities were the conduct of medical research in the neurosciences, development of medical research facilities and fundraising to support these activities.

Our vision is to prevent and cure disease and disability of the brain and nervous system through leadership, excellence and innovation in neuroscience research. The mission is implemented through a Strategic Plan (2017-2021) which comprises a series of 7 specific objectives in the following areas: Research, People & Culture, Building & Systems, Collaboration, Funding, Governance and Profile & Partnership.

Annual measures of success include attracting research group leaders and identifying priority areas of research for expanded activity and enhancement of existing research, increased value of grants and philanthropic support received and an increase in the number of research findings which are published in peer reviewed journals. In the longer term, the medical research activities will lead to advances in knowledge which can be translated into improvements in diagnosis, treatment, prevention or cure and these broader objectives can be assessed by assessment of the health, social and wealth impacts of specific advances.

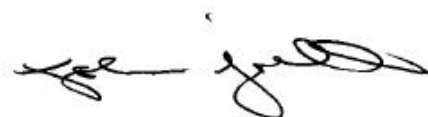
**MEMBERS LIABILITY**

The Company is a company limited by guarantee and without share capital. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$20 per member to the assets of the Company in the event of it being wound up while he or she is a member or within one year afterwards for payment of the debts and liabilities of the Company contracted before he or she ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves. The total amount that members of the Company are liable to contribute if the Company is wound up is \$220 (2017: \$220).

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-C SECTION 60-40 OF AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

The Lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the year ended 31 December 2018.

Signed in accordance with a resolution of the directors:



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**JOHN GRILL AO**

Chairman



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**PETER ROBERT SCHOFIELD AO**

Chief Executive Officer

Dated at Sydney this 5th day of June 2019.



# Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the members of Neuroscience Research Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2018 there have been:

- i. no contraventions of 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. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Cameron Roan  
*Partner*  
Sydney  
5 June 2019

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 Restated * \$
<b>REVENUE</b>			
Grants received	4	21,793,868	22,301,264
Donations and fundraising		5,960,449	6,959,454
Sales of FallScreen kits		27,503	24,318
Conference revenue		37,746	3,136
Laboratory services		102,788	150,882
Sponsorship income		79,124	1,094,574
Other revenues from ordinary activities		218,646	850,409
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>28,220,125</b>	<b>31,384,037</b>
<b>EXPENSES</b>			
Personnel expenses	5	(16,144,730)	(13,905,986)
Other expenses	6	(8,638,995)	(7,942,993)
<b>TOTAL EXPENSES</b>		<b>(24,783,725)</b>	<b>(21,848,979)</b>
<b>SURPLUS FROM OPERATING ACTIVITIES EXCLUDING NET FINANCE INCOME/EXPENSE, DEPRECIATION &amp; AMORTISATION</b>		<b>3,436,399</b>	<b>9,535,059</b>
Depreciation and amortisation expense	11	(2,971,262)	(3,958,811)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>465,138</b>	<b>5,576,248</b>
Finance income		693,654	447,176
Finance expenses		(858,830)	(93,328)
<b>NET FINANCE (EXPENSE/INCOME)</b>	7	<b>(165,177)</b>	<b>353,848</b>
<b>SURPLUS FOR THE YEAR</b>		<b>299,961</b>	<b>5,930,096</b>
Net change in fair value of financial assets through other comprehensive income/available- for-sale		-	260,887
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>299,961</b>	<b>6,190,983</b>

We note that the Company administers the Mindgardens Alliance on behalf of the Mindgardens Alliance members. As such, Mindgardens Alliance funds are included within the balances in the Total Comprehensive Income for the Year. Refer to note 16 for breakdown of the Mindgardens Alliance results.

*The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 36*

\* Refer to note 22 for restatement

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 \$	2017 Restated * \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	8,844,488	9,756,133
Trade and other receivables	9	1,083,011	1,667,725
Other Financial assets	10	19,964,490	14,604,709
Inventory		31,644	33,900
<b>TOTAL CURRENT ASSETS</b>		<b>29,923,633</b>	<b>26,062,467</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	11	59,638,621	61,977,855
<b>TOTAL NON CURRENT ASSETS</b>		<b>59,638,621</b>	<b>61,977,855</b>
<b>TOTAL ASSETS</b>		<b>89,562,254</b>	<b>88,040,322</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other payables	12	1,318,105	1,458,013
Employee Benefits	13	2,436,769	2,218,392
Deferred revenue	14	2,554,292	1,877,098
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,309,166</b>	<b>5,553,503</b>
<b>NON CURRENT LIABILITIES</b>			
Employee benefits	13	654,430	188,123
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>654,430</b>	<b>188,123</b>
<b>TOTAL LIABILITIES</b>		<b>6,963,596</b>	<b>5,741,626</b>
<b>NET ASSETS</b>		<b>82,598,658</b>	<b>82,298,696</b>
<b>MEMBERS' FUNDS</b>			
Retained Surplus - Company		78,793,448	79,199,146
Retained Surplus - Mindgardens Alliance	16	1,001,260	-
Reserves		-	295,601
Amalgamation Reserve		2,803,949	2,803,949
<b>TOTAL MEMBERS' FUNDS</b>		<b>82,598,657</b>	<b>82,298,696</b>

*The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 15 to 36*

\* Refer to Note 22 for restatement

**NEUROSCIENCE RESEARCH AUSTRALIA  
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Amalgamation Reserve	Reserves	Retained Surplus - Company	Retained Surplus - Mindgardens Alliance	Total Members' Funds
	\$	\$	\$	\$	\$
<b>OPENING BALANCE AT 1 JANUARY 2017 RESTATED*</b>	2,803,949	34,714	73,269,050	-	76,107,713
Surplus for the year - Restated *	-	-	5,930,096	-	5,930,096
Net change in fair value of available-for-sale assets	-	260,887	-	-	260,887
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR RESTATED*</b>	<b>2,803,949</b>	<b>295,601</b>	<b>79,199,146</b>	<b>-</b>	<b>82,298,696</b>
<b>CLOSING BALANCE AT 31 DECEMBER 2017 RESTATED*</b>	<b>2,803,949</b>	<b>295,601</b>	<b>79,199,146</b>	<b>-</b>	<b>82,298,696</b>
Adjustment of initial application to AASB9	-	(295,601)	295,601	-	-
<b>ADJUSTED OPENING BALANCE AT 1 JANUARY 2018</b>	2,803,949	-	79,494,747	-	82,298,696
Surplus for the year	-	-	(701,299)	1,001,260	299,961
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR</b>	<b>-</b>	<b>-</b>	<b>(701,299)</b>	<b>1,001,260</b>	<b>299,961</b>
<b>CLOSING BALANCE AT 31 DECEMBER 2018</b>	<b>2,803,949</b>	<b>-</b>	<b>78,793,448</b>	<b>1,001,260</b>	<b>82,598,657</b>

\* Refer to Note 22 for restatement

The consolidated statement of changes in members' funds is to be read in conjunction with the notes to the financial statements set out on pages 15 to 36

**NEUROSCIENCE RESEARCH AUSTRALIA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants received		23,973,255	25,090,328
Receipts from donations and fundraising		5,960,449	7,055,144
Sales of FallScreen kits		30,253	26,750
Conference receipts		41,521	3,450
Laboratory services		113,067	60,711
Interest received		275,721	236,958
Other		1,589,454	2,332,925
Payments to suppliers and employees		(26,577,502)	(23,446,239)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	17	<b><u>5,406,218</u></b>	<b><u>11,360,027</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in other financial assets		(5,966,147)	(7,127,898)
Acquisitions of property, plant and equipment		(632,028)	(4,377,435)
Dividends received from investments		280,312	167,828
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>(6,317,863)</u></b>	<b><u>(11,337,505)</u></b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(911,645)	22,522
Cash and cash equivalents at the beginning of the financial year		9,756,133	9,733,611
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b><u><u>8,844,488</u></u></b>	<b><u><u>9,756,133</u></u></b>

*The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 36*

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1 REPORTING ENTITY**

Neuroscience Research Australia (the "Company") is a company incorporated and domiciled in Australia as a Company limited by guarantee. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "group entities").

The principal activities of the Group during the course of the financial period were the conduct of medical research, the development of medical research facilities and fundraising activities.

**Registered Office**

Neuroscience Research Australia  
Margarete Ainsworth Building  
139 Barker St  
Randwick NSW 2031

**Principal Place of Business**

Neuroscience Research Australia  
Margarete Ainsworth Building  
139 Barker St  
Randwick NSW 2031

**2 BASIS OF PREPARATION**

**Statement of Compliance**

The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission Act 2012. The consolidated financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Company has adopted the exemptions allowed for not-for-profit organisations under AASB 101 Presentation of financial statements.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for financial assets recognised through profit or loss which have been measured at fair value.

**Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

**Use of estimates and judgements**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.



**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2 BASIS OF PREPARATION (CONTINUED)**

**Going Concern**

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Financial Instruments - Policy applicable from 1 January 2018**

(i) *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) *Classification and measurement of financial assets*

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

(iii) *Subsequent measurement of financial assets*

For the purposes of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

*(a) Financial assets at amortised cost*

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's receivables fall into this category of financial instruments.

Receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

*(b) Financial assets at fair value through profit or loss (FVTPL)*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Financial Instruments - Policy applicable from 1 January 2018 (continued)**

(iv) *Impairment of financial assets*

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has the following types of financial assets that are subject to AASB 9's new expected credit loss model:

- Trade and other receivables

Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, however no material impact to the financial statement based on the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss.

*(a) Trade and other receivables and contract assets*

Trade and other receivables and contract assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indicators that a debtor or issuer will enter bankruptcy.

As most of these instruments have a high credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument. In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk. In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime expected credit losses.

(v) *Classification and measurement of financial liabilities*

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Group's financial liabilities include, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial Instruments - Policy applicable 1 January 2017 to 31 December 2017**

*(i) Non-derivative financial assets*

Financial assets are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: investment in shares, loans and receivables, cash and cash equivalents.

*(ii) Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

*(iii) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through the income statement. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is de-recognised, at which time, the cumulative gain or loss is recognised in investment income in the income statement, or the investment is determined to be impaired when the cumulative loss is reclassified from the available-for-sale reserve to the income statement as impairment of assets. Interest earned and dividends received whilst holding available-for-sale financial assets are reported as investment income.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial Instruments - Policy applicable 1 January 2017 to 31 December 2017 (continued)**

*(v) Impairment*

*(i) Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial Instruments - Policy applicable 1 January 2017 to 31 December 2017 (continued)**

*(ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

*(vi) Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument. The Group ceases to recognise a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

*(ii) Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*(iii) Depreciation*

Depreciation is recognised in profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. The estimated depreciation rates used during the current and comparative periods are as follows:

	<b>2018</b>	<b>2017</b>
· Leasehold improvements:	3.03%	3.03%
· Motor vehicles:	22.50%	22.50%
· Plant and Equipment:	3.00-33.00%	3.00-33.00%
· Furniture and Fittings:	20.00%	20.00%
· Buildings	3.09%	3.09%

Depreciation methods, depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate.

**(d) Inventories**

Inventories are stated at the lower of either cost or net realisable value.

**(e) Employee Benefits**

*(i) Defined contribution superannuation funds*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

*(ii) Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the consolidated entity's obligations.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Employee Benefits (continued)**

*(iii) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(f) Revenue**

*(i) Sale of Goods*

Revenue from the sale of NeuRA FallScreen® and NeuRA QuickScreen® kits are measured at the fair value of the consideration received or receivable. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

*(ii) Donations and fundraising*

Revenue from donations and fundraising is recognised in profit or loss when the Group gains control of the contribution or the right to receive the contribution. Where such amounts are conditional upon expenditure for a specified purpose and/or during a specified time period they are classified as deferred revenue. Amounts are released to revenue as the expenditure for the specified purpose is made during any such specified time period.

*(iii) Grant revenue*

Government and other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**(g) Lease Payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**(h) Finance Income & Costs**

Finance income comprises interest and dividend income on funds invested and cumulative gain or loss of derecognised available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss using the effective interest method.

**(i) Income Tax**

The Company is a registered charity and is exempt from income tax under s50-5 of the Income Tax Assessment Act 1997.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Goods & Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(k) Changes in significant accounting policies**

The Company has initially adopted AASB 9 from 1 January 2018.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

Except for this change, the Company has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

**AASB 9 Financial Instruments**

AASB 9 replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies however no adjustments were required to the amounts recognised in the financial statements in previous periods. The new accounting policies are set out below.

On 1 January 2018, the Company has classified its financial instruments in the appropriate AASB 9 categories.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets classified as held-to-maturity and loans and receivables under AASB 139 that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

*Impairment of financial assets*

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.



**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Changes in significant accounting policies (continued)**

**AASB 9 Financial Instruments (continued)**

The Company has the following types of financial assets that are subject to AASB 9's new expected credit loss model:

- Trade and other receivables

Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss.

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at the date of initial adoption, 1 January 2018.

<i>In dollars</i>	<b>AASB 139 classification</b>	<b>AASB 9 classification</b>	<b>AASB 139 carrying amount</b>	<b>AASB 9 carrying amount</b>
<i>Financial Assets</i>				
<b>Cash and bank balances</b>				
	Loans and receivables	Financial assets amortised at cost	11,590,023	11,590,023
<b>Trade and other receivables</b>				
	Loans and receivables	Financial assets amortised at cost	275,590	275,590
<b>Investments</b>				
	Available-for-sale	Fair value through profit or loss	14,604,709	14,604,709
<i>Financial Liabilities</i>				
<b>Trade and other payables</b>				
	Financial liabilities amortised at cost	Financial liabilities amortised at cost	1,458,013	1,458,013

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2018 reporting period and have not been early adopted by the Company. The assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB15 *Revenue from Contracts with Customers* (effective 1 January 2019)

AASB15 Revenue from Contracts with Customers, becomes mandatory for the 2019 financial statements and could change the classification and recognition method of revenue. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

(ii) AASB 1058 *Income for Not-for-profit Entities* (effective 1 January 2019)

AASB 1058 Income for Not-for-profit Entities is a standard addressing the recognition and measurement of income for not-for-profit entities. The concept of reciprocal and non-reciprocal transactions has been removed, and instead an assessment of enforceability and performance obligations is required. Application is effective for the Company's 2019 financial statements.

(iii) AASB 16 *Leases*, (effective 1 January 2019)

AASB 16 provides a new model for accounting for leases. The standard is available for early adoption.

The Company has considered the impact of these standards and does not plan to adopt these standards early.

**(m) Basis of Consolidation - Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**4 GRANT REVENUE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Research Income	14,262,525	13,694,085
Infrastructure - MRSP	4,260,580	4,550,074
Infrastructure - UNSW	3,057,483	2,687,618
Infrastructure - Other	213,280	369,487
Building - NSW Health	-	1,000,000
<b>TOTAL GRANT REVENUE</b>	<b>21,793,868</b>	<b>22,301,264</b>

**5 PERSONNEL EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Wages, salaries, and other personnel expenses	13,407,262	12,845,409
Contributions to superannuation funds	1,333,733	1,158,232
Increase/(Decrease) in liability for annual leave	1,069,044	(70,947)
Increase/(Decrease) in liability for long service leave	334,691	(26,708)
<b>TOTAL PERSONNEL EXPENSES</b>	<b>16,144,730</b>	<b>13,905,986</b>

**6 OTHER EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Grant reimbursement	216,142	1,479,944
Cost of FallScreen kits sold	5,829	15,234
Insurance	177,598	214,151
Fundraising costs	1,158,816	1,099,659
Travel	739,732	494,640
Repairs and Maintenance	346,656	324,966
Consultants	213,850	456,755
Conference Expenses	118,607	142,025
Scholarships	581,871	554,252
Laboratory supplies	785,007	537,925
Other	4,294,888	2,623,442
<b>TOTAL OTHER EXPENSES</b>	<b>8,638,995</b>	<b>7,942,993</b>

**7 NET FINANCIAL INCOME**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest income	275,720	236,958
Realised (losses)/gains from financial assets	(93,395)	42,388
Unrealised (losses)/gains from financial assets	(638,832)	-
Dividend income	280,312	167,828
Foreign exchange gains/(losses)	125,859	(31,624)
Bank charges	(114,841)	(61,702)
<b>TOTAL NET FINANCIAL (EXPENSE)/INCOME</b>	<b>(165,177)</b>	<b>353,848</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8 CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand	13,350	12,410
Bank Balances	2,831,138	6,076,684
Term Deposits	6,000,000	3,667,039
<b>CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS</b>	<b>8,844,488</b>	<b>9,756,133</b>

Term deposits with maturity dates less than 3 months are classified as cash and cash equivalents.

**9 TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade Receivables	351,976	1,422,555
Sundry Receivables	529,082	227,025
Prepayments	201,953	18,145
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>1,083,011</b>	<b>1,667,725</b>

**10 OTHER FINANCIAL ASSETS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Financial assets - fair value through profit or loss/ Available-for-sale	19,964,490	14,564,709
Term deposits with maturity >3 months	-	40,000
	-	
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>19,964,490</b>	<b>14,604,709</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

**Leasehold Improvements**

The Medical Research Buildings are located on State Crown land managed by South Eastern Sydney Local Health Network. Rent is \$1 per year and operating expenses, as agreed, are paid annually. The term of the lease is 25 years, terminating on 30 June 2025 with an option to renew for one further term of 25 years. All improvements upon the land have been funded by Neuroscience Research Australia through State and Federal Government grants and donations.

<b>Cost</b>	<b>Building \$</b>	<b>Leasehold improvements \$</b>	<b>Motor vehicles \$</b>	<b>Plant and equipment \$</b>	<b>Furniture &amp; Fittings \$</b>	<b>Computer Software \$</b>	<b>Computer and Electronics \$</b>	<b>Total \$</b>
Balance at 1 January 2017	57,519,512	11,191,461	85,977	10,689,040	2,527,700	307,308	-	82,320,998
Acquisitions	2,000,756	1,364,207	-	756,992	228,603	26,877	-	4,377,435
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2017	59,520,268	12,555,668	85,977	11,446,032	2,756,303	334,185	-	86,698,433
Balance at 1 January 2018	59,520,268	12,555,668	85,977	11,446,032	2,756,303	334,185	-	86,698,433
Acquisitions	77,581	3,320	-	383,176	5,365	31,286	131,300	632,028
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2018	59,597,849	12,558,988	85,977	11,829,208	2,761,668	365,471	131,300	87,330,461

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Depreciation and Amortisation**

	<b>Building</b> \$	<b>Leasehold improvements</b> \$	<b>Motor vehicles</b> \$	<b>Plant and equipment</b> \$	<b>Furniture and Fittings</b> \$	<b>Computer Software</b> \$	<b>Computer and Electronics</b> \$	<b>Total</b> \$
Balance at 1 January 2017 Restated *	7,558,886	6,818,584	50,208	5,040,204	1,253,836	40,049	-	20,761,767
Depreciation/amortisation charge for the period - Restated*	1,565,742	143,397	8,048	1,905,621	273,153	62,850	-	3,958,811
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2017 Restated *	9,124,628	6,961,981	58,256	6,945,825	1,526,989	102,899	-	24,720,578
Balance at 1 January 2018 - Restated *	9,124,628	6,961,981	58,256	6,945,825	1,526,989	102,899	-	24,720,578
Depreciation/amortisation charge for the period	1,529,802	169,588	6,237	890,643	243,843	49,036	82,113	2,971,262
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2018	10,654,430	7,131,569	64,493	7,836,468	1,770,832	151,935	82,113	27,609,727

**Carrying amounts**

At 1 January 2017 - Restated *	49,960,626	4,372,877	35,769	5,648,836	1,273,864	267,259	-	61,559,231
At 31 December 2017 - Restated *	50,395,640	5,593,686	27,721	4,500,207	1,229,314	231,286	-	61,977,855
At 1 January 2018 - Restated *	50,395,640	5,593,686	27,721	4,500,207	1,229,314	231,286	-	61,977,855
At 31 December 2018	48,943,419	5,427,419	21,484	3,992,740	990,836	213,536	49,187	59,638,621

\* Refer to Note 22 for restatement

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12 TRADE AND OTHER PAYABLES**

	<b>2018</b>	<b>2017</b>
	\$	\$
Trade Payables	427,220	111,317
Other Payables and Accrued Expenditure	890,885	1,346,696
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>1,318,105</b>	<b>1,458,013</b>

**13 EMPLOYEE BENEFITS**

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>CURRENT</b>		
Liability for Annual Leave	959,331	805,926
Liability for Long Service Leave	1,477,438	1,412,466
	<b>2,436,769</b>	<b>2,218,392</b>
<b>NON CURRENT</b>		
Liability for Long Service Leave	654,430	188,123
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>3,091,199</b>	<b>2,406,515</b>

**14 DEFERRED REVENUE**

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Current</b>		
Research Grant Deferred Revenue	500,000	1,000,000
Infrastructure Deferred Revenue	2,054,292	877,098
	<b>2,554,292</b>	<b>1,877,098</b>

**15 CAPITAL AND OTHER COMMITMENTS**

	<b>2018</b>	<b>2017</b>
	\$	\$
Within one year	3,418,925	203,071
One year or later and no later than five	18,124	26,950
	<b>3,437,049</b>	<b>230,021</b>

Capital commitments are in relation to the building works and operating lease of photocopiers.

**16 MINDGARDENS ALLIANCE**

The Mindgardens Alliance agreement came into effect on 1 January 2018. Throughout the period, funds were received by the Company on behalf of the Mindgardens Alliance. The below states the revenue received and expenses incurred by the Company as the administering entity of the Mindgardens Alliance.

	<b>2018</b>
	\$
Donations received	1,000,000
Salaries recovery	421,010
	<b>1,421,010</b>
Mindgardens Alliance expenses	(419,750)
<b>MINDGARDENS ALLIANCE SURPLUS</b>	<b>1,001,260</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**17 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating surplus	299,961	6,190,983
<b>ADD / (LESS) NON CASH ITEMS</b>		
Amortisation / impairment of leasehold improvements	169,588	143,397
Depreciation (restated)	2,801,674	3,815,414
(Decrease) / Increase in Financial Assets	606,367	(260,874)
Dividend income	(280,312)	(167,128)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGES IN ASSETS &amp; LIABILITIES</b>	<b>3,597,278</b>	<b>9,721,792</b>
<b>CHANGES IN ASSETS &amp; LIABILITIES</b>		
(Decrease) / Increase in Payables	(139,908)	1,161,578
Increase / (Decrease) in Provisions	684,684	(97,655)
Increase in Deferred Revenue	677,194	156,597
Decrease in Receivables	584,714	402,341
Decrease in Inventory	2,256	15,374
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>5,406,218</b>	<b>11,360,027</b>

**18 RELATED PARTIES**

**Transactions with key management personnel**

In addition to their salaries, the Company contributes to accumulation contribution superannuation funds on their behalf.

**Key management personnel compensation**

The key management personnel compensation included in 'personnel expenses' (see Note 5) are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	1,517,794	1,664,210
<b>TOTAL SHORT TERM EMPLOYEE BENEFITS</b>	<b>1,517,794</b>	<b>1,664,210</b>

No other key management transactions outside those noted were identified during the year.



**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**18 RELATED PARTIES (CONTINUED)**

**Identity of Related Parties**

The Company has a related party relationship with its subsidiary (see Note 21), associates, and with its key management personnel.

**Other Related Party Transactions**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
South Eastern Sydney Local Health Network - Rent paid	1	1
UNSW - Infrastructure funds received	3,057,483	2,687,618
UNSW - Grants received	10,155,105	10,448,147
UNSW - Lab consumables & other purchases	45,065	-
UNSW - Mindgardens Alliance - salary recovery funding	421,010	-
Donations received from Neuroscience Research Australia Foundation	3,009,848	4,001,486
Donations received from Schizophrenia Research Institute	375,434	-
Interest expensed to Neuroscience Research Australia Foundation*	99,611	179,031

\* On 12 December 2013, Neuroscience Research Australia entered into a loan facility as borrower with Neuroscience Research Australia Foundation. In December 2018 the year's interest expense of \$99,611 was paid. The loan facility balance at the end of the year is \$1,939,926.

Related parties have also made donations towards Neuroscience Research Australia as per below:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Donations to Mindgardens Alliance - Serpentine Foundation	1,000,000	-
<b>TOTAL DONATIONS</b>	<b><u>1,000,000</u></b>	<b><u>-</u></b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**19 PARENT ENTITY**

As at, and throughout, the financial year ended 31 December 2018 the parent entity of the Group was Neuroscience Research Australia.

	<b>2018</b>	<b>2017 Restated*</b>
	\$	\$
<b>RESULTS OF THE PARENT ENTITY</b>		
Surplus/(Loss) for the Year	1,260,516	4,598,317
Other Comprehensive Income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,260,516</b>	<b>4,598,317</b>
<b>FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END</b>		
Current Assets	16,853,380	11,726,625
Total Assets	76,492,001	74,632,822
Current Liabilities	8,154,237	8,058,978
Total Liabilities	8,808,667	8,247,101
<b>TOTAL MEMBERS' FUNDS TO THE PARENT ENTITY COMPRISING OF</b>		
Retained Surplus	67,683,335	66,385,721
<b>Total Members Funds</b>	<b>67,683,335</b>	<b>66,385,721</b>

\*Refer to Note 22 for restatement

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**20 FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD BY THE NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION**

During the period, fundraising appeals conducted by the Neuroscience Research Australia Foundation for the acceptance of donations and a capital campaign for building development.

<b>RESULTS OF FUNDRAISING APPEALS</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Gross proceeds from fundraising	4,955,580	8,094,142
Less: Direct costs of fundraising	(2,395,281)	(2,317,933)
Net surplus obtained from fundraising appeals	<b><u>2,560,299</u></b>	<b><u>5,776,209</u></b>
This surplus was allocated to:		
Expenditure on research	962,655	2,395,737
Transfer to accumulated funds for building development	-	1,020,000
Transfer of accumulated funds for future research expenditure	1,597,644	2,360,472
<b>TOTAL ALLOCATION</b>	<b><u>2,560,299</u></b>	<b><u>5,776,209</u></b>

*The results of the fundraising appeals includes the Group.*

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**21 CONTROLLED ENTITIES**

<b>Particulars in relation to controlled entities</b>	<b>2018</b>	<b>2017</b>
Neuroscience Research Australia		
<b>Controlled Entities</b>		
Neuroscience Technologies Pty Ltd	100%	100%
Neuroscience Research Australia Foundation (Public Company Limited by Guarantee)	100%	100%
Neuroscience Research Australia Foundation (Charitable Trust)	100%	100%
Schizophrenia Research Institute	100%	100%

Neuroscience Technologies Pty Limited has not traded since its acquisition by the Company, and the statement of financial position at the end of the period consists of \$10 in cash and \$10 of share capital (which eliminates against the investment of the parent entity on consolidation). Neuroscience Research Australia Foundation commenced trading on 1 January 2011. Schizophrenia Research Institute merged with Neuroscience Research Australia on 25 February 2015 and became a controlled entity of the Group. Accordingly consolidated financial statements have been prepared.

**22 Restatement**

During 2018, the Group discovered that depreciation expenses had been incorrectly calculated in 2017. As a consequence in the 2017 financial report, depreciation expense was understated and property, plant and equipment was overstated. The errors have been corrected in this financial report by restating each of the affected financial statement line items. The following tables summarise the impacts on the Group's consolidated financial statements.

*Consolidated statement of financial position*

	<b>Impact of correction of error</b>		
	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
<b>31 December 2017</b>			
Property, plant and equipment	62,906,196	(928,341)	61,977,855
<b>Total non-current assets</b>	62,906,196	(928,341)	61,977,855
<b>Total Assets</b>	88,968,663	(928,341)	88,040,322
Retained earnings	80,127,487	(928,341)	79,199,146
<b>Total Equity</b>	83,227,037	(928,341)	82,298,696

*Consolidated statement of profit or loss and OCI*

	<b>Impact of correction of error</b>		
	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
<b>For the year ended 31 December 2017</b>			
Depreciation expense	(3,209,745)	(749,066)	(3,958,811)
<b>Results from operating activities</b>	6,325,314	(749,066)	5,576,248
<b>Surplus for the year</b>	6,679,162	(749,066)	5,930,096
<b>Total comprehensive income</b>	6,940,049	(749,066)	6,190,983

*Consolidated statement of changes in members' funds*

	<b>Impact of correction of error</b>		
	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
<b>Retained surplus at 31 December 2016</b>	73,448,325	(179,275)	73,269,050
Surplus for the year	6,679,162	(749,066)	5,930,096
<b>Total comprehensive income for the year</b>	6,679,162	(749,066)	5,930,096
<b>Retained surplus at 31 December 2017</b>	80,127,487	(928,341)	79,199,146

There is no impact on the total operating, investing or financing cash flows for the year ended 31 December 2017.

**23 SUBSEQUENT EVENTS**

There have been no events subsequent to balance date, which would have a material effect on the Group's financial statements at 31 December 2018

**NEUROSCIENCE RESEARCH AUSTRALIA  
DECLARATION BY THE DIRECTORS**

In the opinion of the directors of Neuroscience Research Australia ("the Company"):

- (a) the consolidated financial statements and notes, set out on pages 14 to 34 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



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**JOHN GRILL AO**  
Chairman



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**PETER ROBERT SCHOFIELD AO**  
Chief Executive Officer

Dated at Sydney this 5th day of **June** 2019

**NEUROSCIENCE RESEARCH AUSTRALIA  
DECLARATION BY RESPONSIBLE OFFICER IN RESPECT OF FUNDRAISING APPEALS**

I, Peter Robert Schofield, Chief Executive Officer and responsible officer of Neuroscience Research Australia, declare in my opinion that:

- (a) the financial report gives a true and fair view of all income and expenditure of Neuroscience Research Australia with respect to fundraising appeal activities for the year ended 31 December 2018;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities for the year ended 31 December 2018;
- (c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the conditions attached to the authority have been complied with for the year ended 31 December 2018; and
- (d) the internal controls exercised by Neuroscience Research Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



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**PETER ROBERT SCHOFIELD AO**  
Chief Executive Officer

Dated at Sydney this 5th day of June 2019



# Independent Auditor's Report

To the members of Neuroscience Research Australia

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report**, of the Neuroscience Research Australia (the Company)

In our opinion the accompanying **Financial Report** of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations (collectively the Acts and Regulations) including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2018, and of its financial performance and its cash flows for the 12 month period ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2018.
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Company.
- v. Declaration by the Chief Executive Officer respect of fundraising appeals of the Company.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and 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 fulfilled our other ethical responsibilities in accordance with the Code.

## Other information

Other Information is financial and non-financial information in Neuroscience Research Australia's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report

## Responsibilities of the Directors

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations and Regulations (the Act and Regulations).
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view/is presented fairly and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.





As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit 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 registered Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

## Report on Other Legal and Regulatory Requirements

### Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2018;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2018 to 31 December 2018, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 January 2018 to 31 December 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.



KPMG



Cameron Roan  
*Partner*  
Sydney  
5 June 2019