



NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION

ABN 57 008 429 961

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

CONTENTS

Statement of profit and loss and other comprehensive income	3
Statement of changes in trust funds	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements	7
Trustees' declaration	23
Declaration by responsible officer in respect of fundraising appeals	24
Auditor's independence declaration	25
Independent audit report	26

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

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

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

	Note	2018	2017
		\$	\$
REVENUE			
Donations and fundraising	4	5,105,580	6,695,008
TOTAL REVENUE		<u>5,105,580</u>	<u>6,695,008</u>
EXPENSES			
Personnel expenses	6	(1,261,510)	(1,207,340)
Donations Transfer		(3,159,848)	(4,001,486)
Other expenses	5	(1,133,772)	(1,099,659)
TOTAL EXPENSES		<u>(5,555,130)</u>	<u>(6,308,485)</u>
SURPLUS FROM OPERATING ACTIVITIES		<u>(449,550)</u>	<u>386,523</u>
Finance income		514,784	476,060
Finance expenses		(737,661)	(74,612)
NET FINANCE INCOME	7	<u>(222,877)</u>	<u>401,448</u>
SURPLUS FOR THE YEAR		<u>(672,427)</u>	<u>787,971</u>
Net change in fair value of financial assets through OCI/ available-for-sale financial assets		-	240,876
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(672,427)</u>	<u>1,028,847</u>

The 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 7 to 22.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Retained Surplus	Reserves	Trust Capital	Total Trust Funds
	\$	\$	\$	\$
OPENING BALANCE AT 1 JANUARY 2017	10,802,052	34,714	10	10,836,776
Surplus for the Period	787,971	-	-	787,971
Net change in fair value of available-for-sale assets	-	240,876	-	240,876
TOTAL COMPREHENSIVE INCOME FOR YEAR	787,971	240,876	-	1,028,847
CLOSING BALANCE AT 31 DECEMBER 2017	11,590,023	275,590	10	11,865,623
Adjustment for initial application of AASB 9	275,590	(275,590)	-	-
ADJUSTED OPENING BALANCE AT 1 JANUARY 2018	11,865,613	-	10	11,865,623
Surplus for the year	(672,427)	-	-	(672,427)
TOTAL COMPREHENSIVE INCOME FOR YEAR	(672,427)	-	-	(672,427)
CLOSING BALANCE AT 31 DECEMBER 2018	11,193,186	-	10	11,193,196

The statement of changes in trust funds is to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

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

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	556,339	1,834,904
Trade and Other Receivables	9	1,940,321	2,555,584
Other Financial Assets	10	8,771,337	7,485,685
TOTAL CURRENT ASSETS		11,267,997	11,876,173
TOTAL ASSETS		11,267,997	11,876,173
CURRENT LIABILITIES			
Trade and Other payables	11	74,802	10,550
TOTAL CURRENT LIABILITIES		74,802	10,550
TOTAL LIABILITIES		74,802	10,550
NET ASSETS		11,193,196	11,865,623
MEMBERS' FUNDS			
Trust Capital		10	10
Retained Surplus		11,193,186	11,590,023
Reserves		-	275,590
TOTAL MEMBERS' FUNDS		11,193,196	11,865,623

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

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

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		-	684,720
Receipts from donations and fundraising		5,105,580	6,072,535
Interest received		68,460	122,106
Donations paid		(2,445,494)	(2,856,043)
Payments to suppliers and employees		(2,398,126)	(2,374,337)
NET CASH FROM OPERATING ACTIVITIES	12	<u>330,420</u>	<u>1,648,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Available-for-sale asset		(1,608,986)	(2,993,543)
Investments to term deposits		-	-
Dividends received		-	132,631
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,608,986)</u>	<u>(2,860,912)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,278,565)	(1,211,931)
Cash and cash equivalents at the beginning of year		1,834,904	3,046,835
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	8	<u><u>556,339</u></u>	<u><u>1,834,904</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 7 to 22.

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

1 REPORTING ENTITY

Neuroscience Research Australia Foundation (the "Trust") is a trust domiciled in Australia. The principal activities of the Trust during the course of the financial year were the conduct of fundraising appeals to raise money for medical research and the development of medical research facilities at Neuroscience Research Australia. The Trust, commenced trading as the Neuroscience Research Australia Foundation on 1 January 2011. The financial statements of the Trust are as at and for the year ended 31 December 2018.

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

(a) Statement of Compliance

In the opinion of the directors, the Group is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

(b) 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.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of 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 FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 SUMMARY OF SIGNIFICANT ACCOUNTING

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

(i) *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Trust 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 liabilities*

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 Trust'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 FOUNDATION
NOTES TO THE 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*

AASB 9's new forward-looking impairment model applies to the Trust's assets valued at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

(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 Company on terms that the Company 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 Company assesses whether there has been a significant increase in the credit risk of the instrument. In assessing these risks, the Company relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Company 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 Company 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 Company 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 Company 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 Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Company'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 Company 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 FOUNDATION
NOTES TO THE 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 Trust becomes a party to the contractual provisions of the instrument.

The Trust 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 Trust 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 Trust 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 Trust has the following non-derivative financial assets: loans and receivables, cash and cash equivalents and available-for-sale financial assets.

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.

Cash and cash equivalents

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

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 Trust 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 Company 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 FOUNDATION
NOTES TO THE 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-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Trust becomes a party to the contractual provisions of the instrument. The Trust ceases to recognise a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust 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 Trust 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.

(c) 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 Trust on terms that the Trust would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Trust 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 Trust 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 FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Trust'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

(d) 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 Trust'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.

(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.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue

(i) Donations

Revenue from donations and fundraising is recognised in profit or loss when the Trust 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.

(ii) Government and other grants

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 Trust will comply with the conditions associated with the grant. Grants that compensate the Trust 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.

(f) 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.

(g) Finance income & costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss using the effective interest method.

(h) Income Tax

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

(i) 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 statement of financial position.

Cash flows are included in the 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.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Changes in significant accounting policies

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

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

Except for the changes above, the Trust 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 Trust 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Changes in significant accounting policies (continued)

AASB 9 Financial Instruments (continued)

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 Trust 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 Trust 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>	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount	AASB 9 carrying amount
<i>Financial Assets</i>				
Cash and bank balances	Loans and receivables	Financial assets amortised at cost	1,834,904	1,834,904
Trade and other receivables	Loans and receivables	Financial assets amortised at cost	2,555,584	2,555,584
Investments	Available-for-sale	Fair value through profit or loss	7,485,685	7,485,685
<i>Financial Liabilities</i>				
Trade and other payables	Financial liabilities amortised at cost	Financial liabilities amortised at cost	10,550	10,550
Loans and Borrowings	Financial liabilities amortised at cost	Financial liabilities amortised at cost	-	-

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements.

AASB 16 Leases requires companies to bring most operating leases on-balance sheet from 2019. Companies with operating leases will appear to be more asset-rich, but also more heavily indebted. AASB 16 is effective for the Trust's 2019 financial statements.

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.

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 Trust's 2019 financial statements.

The Trust does not plan to adopt these standards early and the extent of the impact has not been determined.

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

4 DONATIONS AND FUNDRAISING

	2018	2017
	\$	\$
Direct Marketing	835,976	853,463
Events	293,458	460,797
Bequests	217,716	1,960,472
Major Gifts	1,442,319	1,166,920
Grants & Foundations	583,291	622,473
General	632,820	430,883
Capital Campaign	1,100,000	1,200,000
TOTAL REVENUE	<u>5,105,580</u>	<u>6,695,008</u>

5 OTHER EXPENSES

	2018	2017
	\$	\$
Direct Mail	321,854	503,810
Events	32,214	113,919
Consultants	58,052	42,899
Corporate Partnerships	2,610	5,379
New Database	6,298	1,529
Other	712,744	432,123
TOTAL OTHER EXPENSES	<u>1,133,772</u>	<u>1,099,659</u>

6 PERSONNEL EXPENSES

	2018	2017
	\$	\$
Wages, Salaries, and Other Personnel Expenses	1,160,837	1,106,650
Contributions to superannuation funds	100,673	100,690
TOTAL PERSONNEL EXPENSES	<u>1,261,510</u>	<u>1,207,340</u>

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

7 NET FINANCIAL INCOME

	2018	2017
	\$	\$
Interest Income	68,460	122,106
Interest Income - related party	99,611	179,030
Bank Charges	(67,615)	(42,989)
Realised gain from available-for-sale financial assets	-	42,294
Net loss from financial assets recognised through profit or loss	(670,046)	-
Dividend income	220,854	132,631
Foreign exchange gains/(losses)	125,860	(31,624)
TOTAL NET FINANCIAL INCOME	(222,876)	401,448

8 CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Bank balances	556,339	621,221
Term Deposits	-	1,213,683
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	556,339	1,834,904

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

9 TRADE AND OTHER RECEIVABLES

	Note	2018	2017
		\$	\$
Current			
Sundry Receivables		405	925
Related party receivable - Neuroscience Research Australia	14	1,939,916	2,525,741
Related party receivable - Schizophrenia Research Institute	14	-	28,918
TOTAL TRADE AND OTHER RECEIVABLES		1,940,321	2,555,584

10 OTHER FINANCIAL ASSETS

	2018	2017
	\$	\$
Current		
Financial assets recognised through fair value through profit or loss/available-for-sale assets	8,771,337	7,485,685
TOTAL OTHER FINANCIAL ASSETS	8,771,337	7,485,685

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

11 TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade creditors	60,313	-
Other payables and accrued expenses	14,488	10,550
TOTAL TRADE AND OTHER PAYABLES	74,802	10,550

12 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2018	2017
	\$	\$
Cash flows from operating activities		
Operating (deficit)/surplus	(672,427)	787,971
Interest received	(168,705)	(132,361)
Foreign exchange losses	492,038	31,623
Net cash provided by operating activities before changes in assets and liabilities	(349,094)	687,233
Changes in assets and liabilities		
Decrease/(Increase) in receivables	615,263	(10,822)
Increase/(Decrease) in payables	64,252	972,570
Net cash flow from operating activities	330,420	1,648,981

13 TRUST CAPITAL

Settled Sum	10	10
There were no movements in trust capital during the year		

14 RELATED PARTIES

The following were key management personnel of the Trust at any time during the reporting period, unless otherwise indicated were key management personnel for the entire period: Peter Schofield (Chief Executive Officer), Kate Johnston (Company Secretary) from April 2018, Andrew Dermott (Company Secretary) to April 2018 and Grant Simpson (Foundation Director).

Key management services

All key management personnel are compensated by Neuroscience Research Australia, and services performed in relation to the Trust are re-charged by Neuroscience Research Australia to the Trust. Please see Note 6 Personnel Expenses.

Identity of related parties

The Trust has a related party relationship with its trustee (Neuroscience Research Australia Foundation), its ultimate parent entity (Neuroscience Research Australia), and with its key management personnel.

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

14 RELATED PARTIES (CONTINUED)

Other related party transactions

	2018	2017
	\$	\$
Related party receivable – Neuroscience Research Australia (see Note 9)	1,939,916	2,525,741
Related party receivable – Schizophrenia Research Australai (see Note 9)	-	28,918
Donations transfer	3,159,848	4,001,486

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.

15 TRUSTEE DETAILS

The Trustee is Neuroscience Research Australia Foundation, a public company limited by guarantee. The registered office of the Trustee is 139 Barker Street, Randwick NSW 2031.

Directors:

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

Peter Schofield AO

Peter Schofield was appointed Director in August 2007. He is Chief Executive Officer of Neuroscience Research Australia.

Graeme Bradshaw

Graeme Bradshaw was appointed Director in August 2007. He founded the Sydney office of fundraising consultancy DVA Navion in 1984. He resigned in August 2018.

Ian Kennedy OAM

Ian Kennedy was appointed Director in May 2009. Ian was the Marketing Director of Australian Natural Care Products and Subscribe-Hr and National President of The Starlight Children's Foundation and Chairman for seven years. He passed away in May 2018.

Ian Harris

Ian Harris was appointed Director in June 2011. He is Business Unit Manager at AbbVie, a biopharmaceutical company.

Stephen Blackman

Stephen Blackman was appointed Director in April 2014. He is the Principal, Resource Capital Advisory Services and director of several private companies.

Paul Nicolarakis

Paul Nicolarakis was appointed Director in March 2014. He is Chief Executive Officer of Lorica Health Pty Limited and Principal Advisor to Capital Cooperative Research Centre.

Nikki Williams

Nikki Williams was appointed Director in May 2014 and is Chairperson of the Board. 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.

Christine Cameron

Christine Cameron was appointed Director in August 2014. She is the Head of Institutional and Strategic Relationships at Maple-Brown Abbott Investment Managers.

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

15 TRUSTEE DETAILS (CONTINUED)

Directors (continued)

Chad Barton

Chad Barton was appointed Director in May 2016. He is a Chartered Accountant and is Group Chief Financial Officer at The Star Entertainment Group Limited.

Sophie Wong

Sophie Wong was appointed Director in May 2017. She has a Masters Degree in Brain and Mind Sciences from the University of Sydney and is currently undertaking a professional doctorate in management at the University of Hertfordshire, UK.

Norbert Schweizer OAM

Norbert Schweizer was appointed Director in October 2018 and is Chairperson of the Board. Norbert is the founder and partner of Schweizer Kobras, Lawyers and Notaries and an accredited specialist in business law.

DIRECTORS' MEETINGS

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

DIRECTOR	BOARD MEETINGS		FINANCE, RISK, AUDIT & COMPLIANCE COMMITTEE MEETINGS		INVESTMENT COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
	P Schofield	6	6	7	6	6	6	5
G Bradshaw	3	0	-	-	-	-	-	-
I Kennedy	3	0	-	-	-	-	-	-
I Harris	6	4	-	-	-	-	-	-
S Blackman	6	5	7	7	-	-	-	-
P Nicolarakis	6	5	-	-	-	-	-	-
N Williams	1	1	-	-	-	-	-	-
C Cameron	6	6	-	-	6	5	-	-
C Barton	6	5	3	3	-	-	-	-
S Wong	6	6	-	-	-	-	-	-
N Schweizer	1	1	1	1	-	-	-	-

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

B - Number of meetings attended

COMPANY SECRETARY

Andrew Dermott resigned as Company Secretary in April 2018. Kate Johnston was appointed Company Secretary in April 2018.

FINANCE, RISK, AUDIT AND COMPLIANCE (FRAC) COMMITTEE

The FRAC Committee oversees all financial, risk and compliance aspects of NeuRA. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the FRAC committee during the period were: S Blackman, C Barton, P Schofield, and N Schweizer.

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

15 TRUSTEE DETAILS (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 period were: C Cameron and P Schofield (ex officio voting member).

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. 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 period were: P Schofield.

**16 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 future building development.

RESULTS OF FUNDRAISING APPEALS	2018	2017
	\$	\$
Gross proceeds from fundraising	5,105,580	6,695,008
Less: Direct cost of fundraising	(2,755,280)	(2,317,933)
Net surplus obtained from fundraising appeals	<u><u>2,350,300</u></u>	<u><u>4,377,075</u></u>
This surplus was allocated to:		
Expenditure on research	-	996,603
Transfer to accumulated funds for building development	-	1,020,000
Transfer of accumulated funds for future research expenditure	2,350,300	2,360,472
TOTAL ALLOCATION	<u><u>2,350,300</u></u>	<u><u>4,377,075</u></u>

17 SUBSEQUENT EVENTS

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

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
TRUSTEES' DECLARATION**

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

- (a) the financial statements and notes, set out on pages 3 to 22, present fairly the financial position of the Trust as at 31 December 2018 and of its performance for the financial period year on that date in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and the Trust Deed dated 14 November 2007; 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.

Signed in accordance with resolution of the directors of the trustees

PETER ROBERT SCHOFIELD AO
Chief Executive Officer

NORBERT SCHWEIZER OAM
Chairman

Dated at Sydney this 5th day of June 2019

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

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

- (a) the financial report gives a true and fair view of all income and expenditure of Neuroscience Research Australia Foundation 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 Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



PETER ROBERT SCHOFIELD AO

Chief Executive Officer

Date 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 Trustee of Neuroscience Research Institute Australia Foundation

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

Independent Auditor's Report

To the trustees of Neuroscience Research Australia Foundation

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of the Neuroscience Research Australia Foundation (the Trust).

In our opinion the accompanying **Financial Report** of the Trust 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 Trust'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. Statement of financial position as at 31 December 2018.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Trustees' declaration of the Trust.
- v. Declaration by the Chief Executive Officer respect of fundraising appeals of the Trust.

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 Trust 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 Schizophrenia Research Institute's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Trustees Directors Report. The Trustees are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Trustee's 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 Trustee's 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 Trust'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 Trust 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 Trust'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 Trustees' 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 Trust'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 Trust 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 Trustees of the registered Trust 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 Trust'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 Trust will be able to pay its debts as and when they fall due.

KPMG

Cameron Roan
Partner
Sydney
5 June 2019