



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

ABN 94 050 110 346

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

NEUROSCIENCE RESEARCH AUSTRALIA

ABN 94 050 110 346

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 2021**

The directors present their report together with the consolidated financial statements of the Group comprising Neuroscience Research Australia ("the Company"), and its controlled entities, for the year ended 31 December 2021 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 Worley Limited.

Michael Still - Nominee of South Eastern Sydney Local Health District

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

Tobi Wilson - Nominee of South Eastern Sydney Local Health District

Tobi Wilson was appointed Director in August 2019. He is a Chief Executive of the South Eastern Sydney Local Health District.

Vlado Perkovic – Nominee of University of New South Wales

Vlado Perkovic was appointed Director in August 2020. He is Dean, Faculty of Medicine & Health at the University of New South Wales.

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.

Jennifer Alexander – Nominee of Minister for Health

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.

Julian Adler – Independent Director

Julian Adler was appointed Director in February 2018. He is a Radiologist and CEO, Imaging Division, CEO Sonic Healthcare.

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. He resigned in January 2021.

Mark Nelson – Independent Director

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

**NEUROSCIENCE RESEARCH AUSTRALIA
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

DIRECTORS (CONTINUED)

Kristin Stubbins – Independent Director

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

Richard Matthews AM - Nominee of South Eastern Sydney Local Health District to August, Independent Nominee from August

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

Clyde McConaghy - Independent Director

Clyde McConaghy was appointed Director in June 2019. He is a company director on a number of public listed and private companies.

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:

MEMBER

CHANGES TO APPOINTMENT

A Katzmann (Chair)

A Kase (Deputy Chair)

J Adler

M Al Muderis

To Jan 2021

J MacNevin

C McConaghy

K O'Doherty

B Shepherd

P Schofield

N Schweizer

J Watkins

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:

MEMBER

CHANGES TO APPOINTMENT

J Alexander (Chair)

S Blackman

C Barton

To October 2021

P Schofield

B Shepherd

**NEUROSCIENCE RESEARCH AUSTRALIA
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (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, its NeuRA Division and the Mindgardens Neuroscience Network and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute.

The members of the Investment Committee during the year were:

MEMBER

C McConaghy (Chair)
C Cameron
P Schofield

CHANGES TO APPOINTMENT

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:

MEMBER

B Shepherd (Chair)
J Freeman
R Matthews
P Schofield

CHANGES TO APPOINTMENT

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. This committee is a joint committee, providing oversight of the activities of 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 Nomination Committee during the year were:

MEMBER

J Grill (Chair)
V Perkovic
P Joseph
M Still
A Katzmann
N Schweizer
P Schofield

CHANGES TO APPOINTMENT

To December 2021

**NEUROSCIENCE RESEARCH AUSTRALIA
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

RESEARCH & EXECUTIVE COMMITTEE (MINDGARDENS NEUROSCIENCE NETWORK)

The Research & Executive Committee of the Mindgardens Neuroscience Network, (through the Mindgardens Neuroscience Network Director), 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 on the Mindgardens Director Position Description; advise the Board on opportunities to optimise collaboration, sharing of infrastructure, staff and resources by Mindgardens member organisations; advise and assist the Director 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 Director as required.

The members of the Research & Executive Committee during the year were:

CHANGES TO APPOINTMENT

J Curtis (Chair)
J Barry
H Christensen
K Dean
M Farrell
A Karooz
S Killcross
N Lovell
P Schofield
C White

STRATEGY & IMPLEMENTATION COMMITTEE

The Strategy & Implementation committee oversees and makes recommendations to the Board to support the delivery of NeuRA's vision and mission through the development, implementation and monitoring of strategic plans. This committee provides oversight of the strategic activities of the NeuRA Division.

The members of the Strategy & Implementation Committee during the year were:

MEMBER

K O'Doherty (Chair)
K Delbaere
K Johnston
J MacNevin
P Schofield
J Gatt
A Dinevska
R Peters
C Renouf

CHANGES TO APPOINTMENT

From January 2021
From January 2021
From January 2021
From January 2021

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 2021 (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	
	A	B	A	B	A	B	A	B	A	B	A	B
Mr John Grill AO	5	4	-	-	-	-	-	-	-	-	1	1
Mr Tobi Wilson	5	5	-	-	-	-	-	-	-	-	-	-
Dr Jennifer Alexander	5	5	-	-	8	8	-	-	-	-	-	-
Mr Clyde McConaghy	5	5	8	8	-	-	4	4	-	-	-	-
Prof Vlado Perkovic	5	5	-	-	-	-	-	-	-	-	1	1
Mr Michael Still	5	5	-	-	-	-	-	-	-	-	1	1
Prof Emma Johnston AO	5	3	-	-	-	-	-	-	-	-	-	-
Mr Richard Matthews AM	5	3	-	-	-	-	-	-	-	-	-	-
Dr Julian Adler	5	4	8	6	-	-	-	-	-	-	-	-
Prof Peter Joseph AM	5	5	-	-	-	-	-	-	-	-	-	-
Dr Mark Nelson	5	4	-	-	-	-	-	-	-	-	-	-
Ms Kristin 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

Dr Kate Johnston was appointed Company Secretary in April 2018.

BOARD COMMITTEE MEETINGS

The number of board committee meetings and number of meetings attended by each of the Officers of the Company during the financial period are:

MEMBER	GOVERNING COUNCIL		FINANCE, RISK, AUDIT, COMPLIANCE COMMITTEE		INVESTMENT COMMITTEE		BUILDING COMMITTEE		STRATEGY COMMITTEE		NOMINATION COMMITTEE		RESEARCH & EXECUTIVE COMMITTEE	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
The Hon Justice Anna Katzmann	8	7	-	-	-	-	-	-	-	-	1	1	-	-
Ms Alice Kase	8	8	-	-	-	-	-	-	-	-	-	-	-	-
Mr James MacNevin	8	8	-	-	-	-	-	-	6	6	-	-	-	-
Mrs Kirsten O'Doherty	8	7	-	-	-	-	-	-	6	6	-	-	-	-
Prof Peter Schofield AO	8	8	8	8	4	4	1	1	6	6	1	1	7	4
Mr Robert Schweizer OAM	8	8	-	-	-	-	-	-	-	-	1	1	-	-
Mr Barry Shepherd PSM	8	8	8	6	-	-	1	1	-	-	-	-	-	-
The Hon John Watkins AM	7	6	-	-	-	-	-	-	-	-	-	-	-	-
Dr Jeff Freeman	-	-	-	-	-	-	1	1	-	-	-	-	-	-
Prof Kim Delbaere	-	-	-	-	-	-	-	-	6	5	-	-	-	-
Ms Angy Dinevska	-	-	-	-	-	-	-	-	4	3	-	-	-	-
A/Prof Justine Gatt	-	-	-	-	-	-	-	-	6	6	-	-	-	-
Dr Kate Johnston	-	-	-	-	-	-	-	-	6	4	-	-	-	-
A/Prof Ruth Peters	-	-	-	-	-	-	-	-	6	6	-	-	-	-
Ms Carole Renouf	-	-	-	-	-	-	-	-	6	6	-	-	-	-
Prof Helen Christensen AO	-	-	-	-	-	-	-	-	-	-	-	-	7	6
Ms Jennie Barry	-	-	-	-	-	-	-	-	-	-	-	-	7	2
A/Prof Jackie Curtiss	-	-	-	-	-	-	-	-	-	-	-	-	7	7
Prof Kimberlie Dean	-	-	-	-	-	-	-	-	-	-	-	-	7	6
Prof Michael Farrell	-	-	-	-	-	-	-	-	-	-	-	-	7	6
Ms Ange Karooz	-	-	-	-	-	-	-	-	-	-	-	-	7	6
Prof Nigel Lovell	-	-	-	-	-	-	-	-	-	-	-	-	7	2
A/Prof Chris White	-	-	-	-	-	-	-	-	-	-	-	-	7	5
Prof Simon Killcross	-	-	-	-	-	-	-	-	-	-	-	-	7	6

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 2021 (CONTINUED)**

PRINCIPAL ACTIVITIES

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, Neuroscience Research Australia Foundation, Schizophrenia Research Institute and StandingTall Pty Ltd. Accordingly, consolidated (Mindgardens and NeuRA Divisions) financial statements have been prepared.

PERFORMANCE

The Group surplus for the year ended 31 December 2021 was \$10,176,296 (2020: \$5,058,973).

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 programs 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. The Group surplus will ultimately be spent in line with the principal activities of the Group.

COVID 19 PANDEMIC

The COVID-19 pandemic affected most operations of the Group during the financial period. Particularly affected by Covid-19 were research areas involving clinical trials and clinical research with a number of studies being postponed. Working from home arrangements were put in place for the majority of staff. No staff were stood down although some varied work arrangements were put in place.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There have been no events subsequent to balance date, which would have a material effect on the Company's financial statements at 31 December 2021.

LIKELY DEVELOPMENTS AND EXPECTED OPERATING RESULTS

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

It is intended that Mindgardens Neuroscience Network Ltd (ACN 640 902 530) will become the company managing the Mindgardens Neuroscience Network. The current members and directors of the Company are expected to resign after appointing the current members of the Governing Council as members and directors of the Company. The Mindgardens Neuroscience Network portion of the Neuroscience Research Australia consolidated entity is expected to be transferred to the Mindgardens Neuroscience Network Ltd company.

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 include 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 2021 (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 (2021-2022) which focuses on specific objectives in the following areas: Research, People & Culture, Funding, Governance Facilities & Services, and Profile.

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.

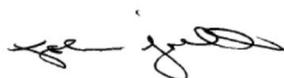
MEMBERS LIABILITY

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 (2020: \$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 10 and forms part of the directors' report for the year ended 31 December 2021.

Signed in accordance with a resolution of the directors:



JOHN GRILL AO

Chair



PETER SCHOFIELD AO

Chief Executive Officer

Dated at Sydney this 12th day of April 2022



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 2021 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

KPMG

Warwick Shanks

Partner

Sydney

12 April 2022

NEUROSCIENCE RESEARCH AUSTRALIA
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
REVENUE			
Grant revenue	4	28,465,667	24,509,593
Donations and fundraising		10,731,785	6,720,564
JobKeeper		12,500	4,435,700
Sale of goods		12,576	10,570
Conference revenue		144,132	89,362
Laboratory services		287,944	196,731
Sponsorship income		80	100
Other revenues from ordinary activities		838,624	898,417
TOTAL REVENUE FROM ORDINARY ACTIVITIES		40,493,308	36,861,037
EXPENSES			
Personnel expenses	5	(18,514,569)	(18,441,882)
Other expenses	6	(11,012,358)	(12,188,788)
TOTAL EXPENSES		(29,526,927)	(30,630,670)
SURPLUS FROM OPERATING ACTIVITIES EXCLUDING NET FINANCE INCOME, DEPRECIATION & AMORTISATION			
		10,966,381	6,230,367
Depreciation and amortisation expense	11	(2,727,999)	(2,931,481)
RESULTS FROM OPERATING ACTIVITIES		8,238,382	3,298,886
Finance income		2,240,676	1,885,801
Finance expenses		(302,762)	(125,714)
NET FINANCE INCOME	7	1,937,914	1,760,087
SURPLUS FOR THE YEAR		10,176,296	5,058,973
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,176,296	5,058,973

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 total comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 30.

NEUROSCIENCE RESEARCH AUSTRALIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,883,373	2,768,782
Trade and other receivables	9	5,846,086	4,577,192
Other Financial assets	10	47,863,832	37,246,262
Inventory		20,183	25,606
TOTAL CURRENT ASSETS		55,613,474	44,617,842
NON-CURRENT ASSETS			
Property, plant and equipment	11	57,144,218	59,546,301
TOTAL NON-CURRENT ASSETS		57,144,218	59,546,301
TOTAL ASSETS		112,757,692	104,164,143
CURRENT LIABILITIES			
Trade and other payables	12	1,877,958	2,398,997
Employee benefits	13	2,968,984	2,682,262
Deferred revenue	14	7,122,818	8,495,403
TOTAL CURRENT LIABILITIES		11,969,760	13,576,662
NON-CURRENT LIABILITIES			
Employee benefits	13	394,867	370,712
TOTAL NON-CURRENT LIABILITIES		394,867	370,712
TOTAL LIABILITIES		12,364,627	13,947,374
NET ASSETS		100,393,065	90,216,769
MEMBERS' FUNDS			
Retained Surplus		95,562,347	87,470,773
Retained Surplus - Mindgardens Alliance		3,621,933	1,238,085
Retained Surplus - Schizophrenia Research Institute		1,208,785	1,507,911
TOTAL MEMBERS' FUNDS		100,393,065	90,216,769

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 30.

**NEUROSCIENCE RESEARCH AUSTRALIA
STATEMENT OF CHANGES IN MEMBERS FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Retained Surplus Schizophrenia Research Institute	Retained Surplus	Retained Surplus Mindgardens Alliance	Total Members' Funds
	\$	\$	\$	\$
OPENING BALANCE AT 1 JANUARY 2020	2,803,949	81,283,946	1,069,901	85,157,796
Surplus for the year	-	5,058,973	-	5,058,973
Recognition of operating result of Schizophrenia Research Institute	(1,296,038)	1,296,038	-	-
Recognition of operating result of Mindgardens Alliance	-	(168,184)	168,184	-
TOTAL COMPREHENSIVE INCOME FOR YEAR	(1,296,038)	6,186,827	168,184	5,058,973
CLOSING BALANCE AT 31 DECEMBER 2020	1,507,911	87,470,773	1,238,085	90,216,769
OPENING BALANCE AT 1 JANUARY 2021	1,507,911	87,470,773	1,238,085	90,216,769
Surplus for the year	-	10,176,296	-	10,176,296
Recognition of operating result of Schizophrenia Research Institute	(299,126)	299,126	-	-
Recognition of operating result of Mindgardens Alliance	-	(2,383,848)	2,383,848	-
TOTAL COMPREHENSIVE INCOME FOR YEAR	(299,126)	8,091,574	2,383,848	10,176,296
CLOSING BALANCE AT 31 DECEMBER 2021	1,208,785	95,562,347	3,621,933	100,393,065

The statement of changes in member funds is to be read in conjunction with the notes to the financial statements set out on pages 15 to 30.

**NEUROSCIENCE RESEARCH AUSTRALIA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		28,670,755	22,884,036
Receipts from donations and fundraising		10,731,785	6,720,564
JobKeeper payment receipt		12,500	3,900,650
Conference receipts		158,545	98,298
Laboratory services		316,738	216,404
Interest received		187,337	77,473
Other		936,408	999,996
Payments to suppliers and employees		(32,706,568)	(32,867,145)
NET CASH PROVIDED BY OPERATING ACTIVITIES	17	<u>8,307,500</u>	<u>2,030,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		221	10,000
Net investments in other financial assets		(10,072,548)	(2,497,262)
Acquisitions of property, plant and equipment		(326,137)	(891,150)
Dividends received from investments		1,205,555	859,653
NET CASH USED IN INVESTING ACTIVITIES		<u>(9,192,909)</u>	<u>(2,518,759)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(885,409)	(488,483)
Cash and cash equivalents at the beginning of the financial year		2,768,782	3,257,265
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	<u>1,883,373</u>	<u>2,768,782</u>

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 30.

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021 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 and Principal place of Business

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

2 BASIS OF PREPARATION

(a) 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.

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

(d) 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
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(e) 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

Financial Instruments

(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
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (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 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

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
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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:

	2021	2020
· 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.

(c) Inventories

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

(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 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
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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.

(e) Revenue

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant income (Research)

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.

Grant income (Non- research)

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control.

Sales of goods

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred. None of the items sold have any warranty attached to them.

NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue (continued)

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058).

Grant income (Non-research)

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Revenue from fundraising

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control of the asset.

Bequests

Bequests are recognised when the company is notified of an impending distribution or the bequest is received, whichever occurs earlier.

Revenue from bequests comprising of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Significant estimates and judgements relating to revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Finance Income & Costs

Finance income comprises interest income on funds invested, dividend income 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. Dividend income is recognised in profit or loss on the date on which the Company right to receive payment is established.

(g) Income Tax

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

(h) 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.

(i) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted, however, the Company has not early adopted the new or amended standards in preparing these financial statements. Of those standards that are not yet effective there are none which are expected to have a significant impact on the Company's financial statements in the period of initial application.

(j) 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
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

4 GRANT REVENUE

	2021	2020
	\$	\$
Research Grants		
Research Income	18,692,919	16,399,834
Infrastructure - MRSP	4,095,369	4,101,977
Infrastructure - UNSW	3,959,316	2,840,498
Infrastructure - Other	266,306	115,000
Commonwealth grant	1,451,757	1,052,284
TOTAL GRANT REVENUE	28,465,667	24,509,593

5 PERSONNEL EXPENSES

	2021	2020
	\$	\$
Wages, salaries and other personnel expenses	15,720,073	15,769,634
Contributions to superannuation funds	1,453,143	1,385,008
Increase in liability for annual leave	1,102,030	1,066,312
Increase in liability for long service leave	239,323	220,928
TOTAL PERSONNEL EXPENSES	18,514,569	18,441,882

6 OTHER EXPENSES

	2021	2020
	\$	\$
Grant reimbursement	3,449,124	5,535,107
Cost of sales	6,006	506
Insurance	262,523	204,250
Fundraising costs	523,841	823,153
Travel	50,022	134,118
Repairs and Maintenance	348,397	277,797
Consultants	426,224	264,086
Conference Expenses	42,618	30,041
Scholarships	389,214	421,544
Laboratory supplies	506,834	649,489
Other	5,007,555	3,848,697
TOTAL OTHER EXPENSES	11,012,358	12,188,788

7 NET FINANCE INCOME

	2021	2020
	\$	\$
Interest income	67,959	77,473
Realised gains from financial assets	289,333	752,093
Unrealised gains from financial assets	547,791	176,000
Dividend income	1,205,555	859,653
Foreign exchange gains	10,661	32,313
Investment management fees	(162,290)	(118,489)
Bank charges	(21,095)	(18,956)
TOTAL NET FINANCE INCOME	1,937,914	1,760,087

NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash on Hand	12,950	12,200
Bank Balances	1,870,423	2,756,582
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	1,883,373	2,768,782

9 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Current		
Trade Receivables	479,896	1,247,506
Sundry Receivables	449,771	639,373
Prepayments	4,916,419	2,690,313
TOTAL TRADE AND OTHER RECEIVABLES	5,846,086	4,577,192

10 OTHER FINANCIAL ASSETS

	2021	2020
	\$	\$
Current		
Financial assets - fair value through profit or loss	40,863,832	37,246,262
Term deposits with maturity >3 months	7,000,000	-
TOTAL OTHER FINANCIAL ASSETS	47,863,832	37,246,262

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

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.

Cost	Building \$	Leasehold improvements \$	Motor vehicles \$	Plant and equipment \$	Furniture & Fittings \$	Computer Software \$	Computer and Electronics \$	Assets under construction	Total \$
Balance at 1 January 2020	59,597,849	14,061,884	85,977	13,775,915	2,788,446	367,792	200,630	1,274,433	92,152,926
Acquisitions	-	1,448,694	-	488,234	140,710	-	37,459	47,517	2,162,614
Disposals	-	-	(23,182)	-	-	-	-	(1,274,433)	(1,297,615)
Balance at 31 December 2020	59,597,849	15,510,578	62,795	14,264,149	2,929,156	367,792	238,089	47,517	93,017,925
Balance at 1 January 2021	59,597,849	15,510,578	62,795	14,264,149	2,929,156	367,792	238,089	47,517	93,017,925
Reclassification	-	-	-	(735,379)	-	(231)	694,485	-	(41,125)
Acquisitions	-	22	-	175,305	-	103,126	89,309	158,524	526,286
Disposals	-	-	-	(200,000)	-	-	(4,186)	-	(204,186)
Balance at 31 December 2021	59,597,849	15,510,600	62,795	13,504,075	2,929,156	470,687	1,017,697	206,041	93,298,900

NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation and Amortisation	Building \$	Leasehold Improvements \$	Motor Vehicles \$	Plant and Equipment \$	Furniture and Fittings \$	Computer Software \$	Computer and Electronics \$	Assets under construction \$	Total \$
Balance at 1 January 2020	12,139,563	7,318,462	69,327	8,700,947	1,968,406	191,767	167,822	-	30,556,294
Depreciation/amortisation charge for the period	1,439,796	242,460	3,540	996,326	179,194	35,206	34,959	-	2,931,481
Disposals	-	-	(16,151)	-	-	-	-	-	(16,151)
Balance at 31 December 2020	13,579,359	7,560,922	56,716	9,697,273	2,147,600	226,973	202,781	-	33,471,624
Balance at 1 January 2021	13,579,359	7,560,922	56,716	9,697,273	2,147,600	226,973	202,781	-	33,471,624
Reclassification	-	-	-	(423,593)	-	(231)	382,698	-	(41,126)
Depreciation/amortisation charge for the period	1,395,901	240,875	1,367	821,383	156,929	33,989	77,555	-	2,727,999
Disposals	-	-	-	-	-	-	(3,815)	-	(3,815)
Balance at 31 December 2021	14,975,260	7,801,797	58,083	10,095,063	2,304,529	260,731	659,219	-	36,154,682
Carrying amounts									
At 1 January 2020	47,548,286	6,743,421	16,650	5,074,968	820,040	176,025	32,808	1,274,433	61,596,632
At 31 December 2020	46,018,490	7,949,656	6,079	4,566,876	781,556	140,819	35,308	47,517	59,546,301
At 1 January 2021	46,018,490	7,949,656	6,079	4,566,876	781,556	140,819	35,308	47,517	59,546,301
At 31 December 2021	44,622,589	7,708,803	4,712	3,409,012	624,627	209,956	358,478	206,041	57,144,218

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

12 TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade Payables	327,338	372,639
Other Payables and Accrued Expenditure	1,550,620	2,026,358
TOTAL TRADE AND OTHER PAYABLES	<u>1,877,958</u>	<u>2,398,997</u>

13 EMPLOYEE BENEFITS

	2021	2020
	\$	\$
CURRENT		
Liability for Annual Leave	1,312,791	1,171,894
Liability for Long Service Leave	1,656,193	1,510,368
	<u>2,968,984</u>	<u>2,682,262</u>
NON-CURRENT		
Liability for Long Service Leave	394,867	370,712
TOTAL EMPLOYEE BENEFITS	<u>3,363,851</u>	<u>3,052,974</u>

14 DEFERRED REVENUE

	2021	2020
	\$	\$
Current		
Research Grant Deferred Revenue	500,000	500,000
Infrastructure Deferred Revenue	2,047,685	2,047,689
Mindgardens funding	4,495,961	5,947,714
Other funding	79,172	-
	<u>7,122,818</u>	<u>8,495,403</u>

15 CAPITAL AND OTHER COMMITMENTS

	2021	2020
	\$	\$
Within one year	12,409	15,002
One year or later and no later than five	6,601	19,009
	<u>19,010</u>	<u>34,011</u>

Commitments are in relation to the operating lease of photocopiers.

16 MINDGARDENS NEUROSCIENCE NETWORK

The Mindgardens Neuroscience Network agreement came into effect on 1 January 2018. Throughout the period, funds were received by the Company on behalf of the Mindgardens Neuroscience Network. The below states the revenue received and expenses incurred by the Company as the administering entity of the Mindgardens Neuroscience Network. Refer to 'Likely Developments' for further information.

	2021	2020
	\$	\$
Commonwealth Grant	1,451,757	1,052,284
UNSW Research Income	-	150,000
Industry Funding	1,029,853	1,585,986
Donations received	2,097,989	500,000
Salaries recovery	400,000	400,000
Finance income	27,115	219,370
	<u>5,006,714</u>	<u>3,907,640</u>
Mindgardens Neuroscience network expenses	(2,622,866)	(3,739,456)
MINDGARDENS NEUROSCIENCE NETWORK SURPLUS	<u>2,383,848</u>	<u>168,184</u>

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

17 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2021	2020
	\$	\$
Cash flows from operating activities		
Operating surplus	10,176,296	5,058,973
Add / (less) non cash items		
Amortisation / impairment of leasehold improvements	240,875	242,460
Depreciation	2,487,124	2,689,021
Decrease in Financial Assets	(545,022)	(822,961)
Dividend income	(1,205,555)	(859,653)
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGES IN ASSETS & LIABILITIES	11,153,718	6,307,840
Changes in assets & liabilities		
(Decrease) / Increase in Payables	(521,039)	510,957
Increase / (Decrease) in Provisions	310,877	(176,975)
Decrease in Deferred Revenue	(1,372,585)	(1,058,891)
Increase in Receivables	(1,268,894)	(3,552,675)
Decrease in Inventory	5,423	20
NET CASH FLOW FROM OPERATING ACTIVITIES	8,307,500	2,030,276

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:

	2021	2020
	\$	\$
Key management personnel compensation	1,564,613	1,436,456
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	1,564,613	1,436,456

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

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

18 RELATED PARTIES (CONTINUED)

Identity of Related Parties

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

Other Related Party Transactions

	2021	2020
	\$	\$
South Eastern Sydney Local Health Network - Rent paid	1	1
UNSW - Infrastructure funds received	3,959,316	2,840,498
UNSW - Grants received	16,416,083	12,609,874
UNSW - Lab consumables & other purchases	20,436	37,337
UNSW - Mindgardens Alliance - salary recovery funding	400,000	400,000
Donations received from Neuroscience Research Australia	3,285,843	5,133,532
Donations received from Schizophrenia Research Institute	-	1,400,000
Research Expenses received from Schizophrenia Research Institute	424,931	596,820
Interest expense to Neuroscience Research Australia Foundation*	119,378	106,758

* On 12 December 2013, Neuroscience Research Australia entered into a loan facility as borrower with Neuroscience Research Australia Foundation. In December 2021 the year's interest expense of \$119,378 was paid. The loan facility balance at the end of the year is \$4,446,474.

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

A donation of \$1,000,000 (2020: \$500,000) was received by the Mindgardens Alliance from the Serpentine Foundation (a director related entity). An additional \$1,000,000 was received by the Mindgardens Alliance from John Grill (Neuroscience Research Australia Director and Director of Serpentine Foundation) in the current financial year.

Transactions with director-related entities

All transactions with director-related entities are provided under normal commercial terms and conditions.

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

19 PARENT ENTITY

As at, and throughout, the financial year ended 31 December 2021 the parent entity of the Group was Neuroscience Research Australia.

	2021	2020
	\$	\$
RESULTS OF THE PARENT ENTITY		
Surplus/(Deficit) for the Year	6,063,062	7,319,055
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,063,062	7,319,055
FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END		
Current Assets	40,383,236	34,187,708
Total Assets	97,527,453	93,734,009
Current Liabilities	(12,096,015)	18,441,394
Total Liabilities	(16,542,489)	18,812,107
TOTAL MEMBERS' FUNDS TO THE PARENT ENTITY COMPRISING OF		
Retained Surplus	80,984,964	74,921,902
Total Members Funds	80,984,964	74,921,902

**NEUROSCIENCE RESEARCH AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

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.

RESULTS OF FUNDRAISING APPEALS	2021	2020
	\$	\$
Gross proceeds from fundraising	8,633,796	6,146,283
Less: Direct costs of fundraising	(1,724,339)	(1,963,380)
Net Surplus obtained from fundraising appeals	<u>6,909,457</u>	<u>4,182,903</u>
This surplus was allocated to:		
Expenditure on research	2,811,190	2,632,901
Transfer to accumulated funds for building development	-	1,500,002
Transfer of accumulated funds for future research expenditure	4,098,267	-
TOTAL ALLOCATION	<u>6,909,457</u>	<u>4,132,903</u>

The results of the fundraising appeals includes the Group.

21 CONTROLLED ENTITIES

Particulars in relation to controlled entities	2021	2020
Neuroscience Research Australia		
Controlled Entities		
Neuroscience Research Australia Foundation (Public Company Limited by Guarantee)	100%	100%
Neuroscience Research Australia Foundation (Charitable Trust)	100%	100%
Schizophrenia Research Institute	100%	100%
StandingTall Pty Ltd	100%	-

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 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 2021.

23 CONTINGENT LIABILITIES

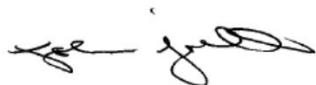
The Group has a contingent liability at 31 December 2021 relating to expected replacement costs for the existing cladding on the building at 139 Barker Street, Randwick NSW 2031 known as the NeuRA Margarete Ainsworth Building.

**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 11 to 30 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 2021 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.

Signed in accordance with a resolution of the directors.



JOHN GRILL AO

Chairman



PETER SCHOFIELD AO

Chief Executive Officer

Dated at Sydney this 12th day of April 2022

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

I, Peter 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 2021;
- (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 2021;
- (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 2021; 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.



PETER SCHOFIELD AO

Chief Executive Officer

Dated at Sydney this 12th day of April 2022



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 sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2021, and of its financial performance and its cash flows for the year 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 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2021.
- ii. Consolidated statement total 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 in respect of fundraising appeals of the Company.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

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 Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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. 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, we do not express any form of assurance conclusion thereon.

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

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Group'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 Group and 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 Group'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 Group and 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 Group and 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.

KPMG

KPMG

Warwick Shanks

Partner

Sydney

12 April 2022