

Gallipoli Medical Research Foundation Ltd

ACN 077 750 693

Financial Statements

For the Year Ended 30 June 2019

Gallipoli Medical Research Foundation Ltd

ACN 077 750 693

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For the Year Ended 30 June 2019

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Gallipoli Medical Research Foundation Ltd

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Directors' Report 30 June 2019

The directors present their report on Gallipoli Medical Research Foundation Ltd for the financial year ended 30 June 2019.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Mr Liam Kelly	Chair	
Mr Thomas Kevin Ryan		
Ms Carmel Monaghan	Secretary	
Ms Christine Went	Deputy Chair	
Associate Professor David Colquhoun		Resigned - 30/10/2018
Mr Stephen Copplin		Retired - 14/11/2018
Dr Michael Harrison		
Professor Gerald Holtmann		
Mr Karl Morris		
Professor John Pearn		Retired - 14/11/2018
Professor Ross Young		

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Ms Carmel Monaghan held the position of company secretary at the end of the financial year, she is also a director and her details and qualifications are set out later in this report.

Our Vision

Enhanced Health of the Australian Community through the Highest Quality Medical Research.

Our Mission

To lessen the impact of disease today while also searching for the cures of tomorrow by:

1. Working to alleviate the burden of the diseases directly impacting our veterans and their families;
2. Using a multi-disciplinary and collaborative approach to understand and address areas of significant clinical and social need;
3. Delivering high quality clinical trials of emerging therapies and interventions;
4. Facilitating and financially supporting a culture of research and innovation within Greenslopes Private Hospital; and
5. Sharing our research findings for the greatest benefit of all.

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Directors' Report

30 June 2019

Our Core Values

- Excellence
- Integrity
- Relevance
- Innovation

Principal activities

The principal activity of Gallipoli Medical Research Foundation Ltd during the financial year was the facilitating, planning and implementing of research projects and support initiatives aimed at enhancing the health and wellbeing for veterans, their families, and the wider Australian community.

These research projects addressed a range of physical and mental health conditions such as liver disease, liver cancer, and the psychological and cultural issues associated with the reintegration process for ex service personnel. Other activities included providing infrastructure, equipment, grants and scholarships to approved research endeavours at Greenslopes Private Hospital and at collaborating institutions.

No significant changes in the nature of the Company's activity occurred during the financial year.

The purpose of the Institute's work

GMRF's team of clinicians and researchers are working to enhance the health of veterans and all Australians through innovative medical research. The purpose of our work is inspired by a simple philosophy; 'our veterans were there for us, now it's our turn to be there for them. It is research that goes from 'bench to bedside', alleviating the impact of illness right now and aiming to provide the cures and treatments of the future.

How those activities assisted in achieving the company's objectives

GMRF conducts and facilitates research activities that are ethically approved, clinically relevant, and centred on delivering meaningful and lasting benefit to the health of the veteran and wider Australian communities.

The Gallipoli Medical Research Foundation's Research Units and Clinical Trials Unit continue to work tirelessly toward better understanding, preventing and treating serious illnesses affecting our communities.

How the Company measures its performance, including key performance indicators used by the Company

The Foundation's Scientific Advisory Committee assess the research outputs of the research teams each year. Established Key Performance Indicators include:

- The level of engagement with, and support provided to, the veteran community
- Number of publications both quantity and quality taking into consideration the impact factor of journals/ranking of the journal in the field in Web of science
- Number of student completions
- Abstracts & presentations quantity and quality

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Directors' Report

30 June 2019

How the Company measures its performance, including key performance indicators used by the Company (continued)

- Grant income compared to money raised through competitive grant rounds and quantity of this income
- Grant submissions and return on investment for research outcomes
- H index* – the set of most cited papers and the number of citations received in other people's publications.
- Number of patients in clinical trials/involvement in clinical trials and papers thereof

Written reports on research activities are provided once a year by the teams and presentations made to the Scientific Advisory Committee and GMRF Board of Directors.

(*The H index is an index that attempts to measure both the scientific productivity and the apparent scientific impact of a scientist. The index is based on the set of the scientist's most cited papers and the number of citations that they have received in other people's publications.)

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Mr Liam Kelly	Chair
Qualifications	BA (Hons), LLB (Hons) (UQ)
Experience	Barrister and Senior Counsel
Special responsibilities	Chair: Executive Committee Member: Finance and Audit Sub Committee
Mr Thomas Kevin Ryan	
Qualifications	BPharm, FACP, FAICD
Experience	Former Director and Chairman of Australian Pharmaceutical Health Care Systems (APHS)
Special responsibilities	Member: Finance and Audit Sub Committee
Ms Carmel Monaghan	Secretary
Qualifications	BBus Comm, MBA
Experience	Group Chief of Staff, Ramsay Health Care
Special responsibilities	Secretary: Executive Committee
Ms Christine Went	
Qualifications	RN, BN, GradCert Critical Care, GradCert Emergency, GradCert Business Admin
Experience	CEO Greenslopes Private Hospital
Special responsibilities	Deputy Chair Member: Executive Committee, and Audit and Finance Sub Committee

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Directors' Report

30 June 2019

Information on directors (continued)

Associate Professor David Colquhoun

Qualifications	MBBS, FRACP, FCSANZ
Experience	Consultant Cardiologist
Special responsibilities	Director (to 30/10/2018) Member: Scientific Advisory Committee (to 30/10/2018)

Mr Stephen Copplin

Qualifications	F CPA, FAICD
Experience	Executive Chairman of The Marketing Director Centre Pty Ltd
Special responsibilities	Director (to 14/11/2018) Chair: Finance and Audit Sub Committee (to 14/11/2018)

Dr Michael Harrison

Qualifications	MBBS (1st Class Honours), FRCPA (General Pathology)
Experience	Chief Executive Officer/Managing Partner at Sullivan Nicolaides Pathology and Consultant Pathologist
Special responsibilities	Member: Scientific Advisory Committee

Professor Gerald Holtmann

Qualifications	MD, PhD, MBA, FRACP, FRCP
Experience	Director of Gastroenterology and Hepatology, Princess Alexandra Hospital; Associate Dean (Clinical) University of Queensland
Special responsibilities	Member: Scientific Advisory Committee

Mr Karl Morris

Qualifications	BCom, FAICD, MSAFAA, FFSIA
Experience	Executive Chairman, Ord Minnett Ltd; Chairperson, QSuper.
Special responsibilities	Member: Finance and Audit Sub Committee

Professor John Pearn

Qualifications	AO RDF MBBS (Hons I), MD (Qld), PhD (Lond), DSc, MPhil, DCH, FRACP, FRCP, FRCPS (Glas), FRACMA, FCollTropMed (Australas), FCollTropMed (USA), FAMA, FADI, FAIM, FLS
Experience	Senior paediatrician at the Lady Cilento Children's Hospital in Brisbane; former Surgeon General, Australian Defence Force.
Special responsibilities	Director (to 14/11/2018)

Professor Ross Young

Qualifications	BSc(Hons), MSc, Dip, Clin Psyc, PHd, MAPS
Experience	Executive Dean, Faculty of Health at the Queensland University of Technology
Special responsibilities	Chair: Scientific Advisory Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Gallipoli Medical Research Foundation Ltd

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Directors' Report

30 June 2019

Business Review

Operating results

The profit from ordinary activities after providing for income tax amounted to \$842,583 (2018: \$516,086).

Other Items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Indemnification and insurance of officers and auditors

Directors and Officers insurance amounting to \$3,978 (2018: \$3,627) was paid during the year.

Meetings of directors

During the financial year, 4 Board of Director's meetings and 5 Board Subcommittee/Advisory meetings were held. Attendance by each director during the year were as follows:

	Board Meetings		Board/Advisory Subcommittee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ms Carmel Monaghan	4	4	3	3
Mr Liam Kelly	4	4	3	2
Mr Thomas Ryan	4	4	-	-
Professor John Pearn	2	2	-	-
Dr Michael Harrison	4	3	1	-
Professor Ross Young	4	3	1	1
Associate Professor David Colquhoun	1	1	1	1
Ms Christine Went	4	4	3	3
Mr Stephen Copplin	2	2	-	-
Professor Gerald Holtmann	4	2	2	2
Mr Karl Morris	4	3	-	-

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2019 has been received and can be found on page 7 of the financial report.

Gallipoli Medical Research Foundation Ltd

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Directors' Report

30 June 2019

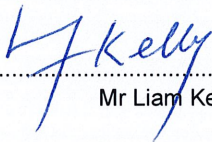
Proceedings on Behalf of Company

No Person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any parts of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director:



Mr Liam Kelly

Director:



Ms Carmel Monaghan

Brisbane, 3 October 2019



Gallipoli Medical Research Foundation Ltd

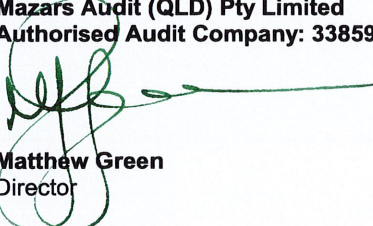
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Auditor's Independence Declaration to the Directors of Gallipoli Medical Research Foundation Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, 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*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Mazars Audit (QLD) Pty Limited
Authorised Audit Company: 338599



Matthew Green
Director

Brisbane, 3 October 2019

MAZARS AUDIT (QLD) PTY LIMITED
(FORMERLY HANRICK CURRAN AUDIT)
AUTHORISED AUDIT COMPANY: 338599 ABN: 13 132 902 188
LEVEL 11, 307 QUEEN STREET, BRISBANE QLD 4000 GPO BOX 2268, BRISBANE QLD 4001
TEL: +61 7 3218 3900 - FAX: +61 7 3218 3901

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Praxity
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

Gallipoli Medical Research Foundation Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	4	5,179,773	4,808,377
Employee benefits expense		(2,450,973)	(2,109,666)
Depreciation and amortisation expense		(278,819)	(299,551)
Fundraising and function expenses		(26,197)	(40,588)
Research expenses		(1,382,967)	(1,663,391)
Other expenses		(198,234)	(179,095)
Net surplus		842,583	516,086
Other comprehensive income / (loss)		-	-
Total surplus for the year		842,583	516,086

The accompanying notes form part of these financial statements.

Gallipoli Medical Research Foundation Ltd

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Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	8,142,637	6,535,719
Trade and other receivables		212,027	647,299
Other assets	7	39,049	42,073
TOTAL CURRENT ASSETS		8,393,713	7,225,091
NON-CURRENT ASSETS			
Property, plant and equipment	8	3,892,587	4,171,406
Other assets		-	30,000
TOTAL NON-CURRENT ASSETS		3,892,587	4,201,406
TOTAL ASSETS		12,286,300	11,426,497
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	155,326	200,824
Other liabilities	10	2,094,296	1,312,530
Employee benefits	11	125,899	124,593
TOTAL CURRENT LIABILITIES		2,375,521	1,637,947
NON-CURRENT LIABILITIES			
Other liabilities	10	143,564	869,968
Employee benefits	11	43,197	37,147
TOTAL NON-CURRENT LIABILITIES		186,761	907,115
TOTAL LIABILITIES		2,562,282	2,545,062
NET ASSETS		9,724,018	8,881,435
EQUITY			
Retained surplus		9,724,018	8,881,435
TOTAL EQUITY		9,724,018	8,881,435

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2018	8,881,435	8,881,435
Restatement due to AASB 9	-	-
Balance at 1 July 2018 restated	8,881,435	8,881,435
Profit attributable to members of the entity	842,583	842,583
Balance at 30 June 2019	9,724,018	9,724,018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2017	8,365,349	8,365,349
Profit attributable to members of the entity	516,086	516,086
Balance at 30 June 2018	8,881,435	8,881,435

The accompanying notes form part of these financial statements.

Gallipoli Medical Research Foundation Ltd

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Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		3,504,728	2,031,649
Payments to suppliers and employees		(4,477,992)	(4,243,340)
Donations received		1,195,950	2,532,032
Interest received		173,767	129,231
Receipt from grants		1,210,465	806,655
Net cash provided by/(used in) operating activities	15	1,606,918	1,256,227
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for property, plant and equipment		-	(25,715)
Net cash provided by/(used in) investing activities		-	(25,715)
Net increase/(decrease) in cash and cash equivalents held		1,606,918	1,230,512
Cash and cash equivalents at beginning of year		6,535,719	5,305,207
Cash and cash equivalents at end of financial year	6	8,142,637	6,535,719

The accompanying notes form part of these financial statements.

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers Gallipoli Medical Research Foundation Ltd as an individual entity. Gallipoli Medical Research Foundation Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Gallipoli Medical Research Foundation Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Change in Accounting Policy (continued)

Financial Instruments - Adoption of AASB 9 (continued)

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)

Derivatives

Derivatives embedded in contracts where the host is a financial asset in the scope of AASB 9 are never separated, the whole hybrid instrument is classified.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 July 2018 are shown below:

	Note	Retained earnings \$	Total \$
Equity balances reported under AASB 139		8,881,435	8,881,435
Increase in expected credit losses for trade receivables	(i)	-	-
Adjustments to equity as a result of adoption of AASB 9		-	-
Opening equity balances at 1 July 2018 - AASB 9		8,881,435	8,881,435

Notes to the table:

- (i) Increase in expected credit losses for trade receivables

The move to the expected credit loss model under AASB 9 has increased the provision for trade receivables at the adoption date.

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Change in Accounting Policy (continued)

Financial Instruments - Adoption of AASB 9 (continued)

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Reclassifi- cation \$	Re- measurem e-nts \$	Carrying amount under AASB 9 \$
Financial assets						
Trade and other receivables	Loans and receivables	Amortised cost	647,299	-	-	647,299
Cash and cash equivalents	Loans and receivables	Amortised cost	6,535,719	-	-	6,535,719
Total financial assets			<u>7,183,018</u>	<u>-</u>	<u>-</u>	<u>7,183,018</u>
Financial liabilities						
Trade payables	Other financial liabilities	Amortised cost	37,023	-	-	37,023
Other payables	Other financial liabilities	Amortised cost	163,802	-	-	163,802
Total financial liabilities			<u>200,825</u>	<u>-</u>	<u>-</u>	<u>200,825</u>

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from donations and bequests, pledges and grants are recognised as described in Notes (c) and (d).

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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

(c) Unearned Income and Pledges Receivable

Frequently donors commit to provide ongoing support over a number of years to the Foundation. The full value of their pledged amount is recognised as a receivable at the time the pledge is made. Amounts are not recognised as revenue until cash is received; the balance of any outstanding pledge is recognised as unearned income until cash is received.

(d) Grants Receive

Grants received without any conditions, or unrelated to specific services, are recognised as income when received. Grants received on the condition that specified services are delivered, or conditions fulfilled, are considered as reciprocal grants. Such reciprocal grants are initially recognised as a liability and revenue is recognised as services are performed or conditions are fulfilled.

(e) Research Projects and Grants

All research is expensed when paid and future commitments are disclosed by way of note.

(f) Contribution of Assets in Kind

Wherever practicable, the fair value of any assets received in kind by the Foundation are recognised as income with a corresponding recognition of an asset.

(g) Goods and services tax (GST)

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 Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment

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

Buildings

Buildings are measured using the cost model, on the cost basis less subsequent depreciation for buildings.

Plant and equipment

Plant and equipment are measured using the revaluation model, on the cost basis less depreciation and impairment losses.

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	3%
Furniture, Fixtures and Fittings	13%
Computer Equipment	24%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(i) Financial instruments

For comparative year

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

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

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

For current year

Initial recognition and measurement

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

Financial assets (continued)

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and unearned income.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(j) Cash and cash equivalents

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

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits arising from wages, salaries and annual leave are measured at rates expected to be paid when the liabilities are settled.

(l) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(m) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	30 June 2020	This standard provides guidance on the recognition of revenue from customers.	Grant income is received in advance and only be recognised as revenue when projects start to cover expenses spent. Remaining grant income is recorded as unearned income. The Company does not anticipate any major change in treatment of revenue recognition given the nature of its activities.
AASB 16 Leases	30 June 2020	Significant revisions to accounting for operational leases on balance sheet by Lessees of property and high value equipment. However, exemptions for short-term leases and leases of low value assets will reduce the impact.	The major impact is that the Company has one property lease. A right to occupy asset will be recorded, and a liability recognised for future lease payments. See Note 16 for operating lease commitments that would be offset against the right to occupy asset.
AASB 1058 Income of Not-for-Profit Entities	30 June 2020	AASB 1058 replaces the income recognition requirements relating to private sector not-for-profit (NFP) entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in AASB 1004 Contributions.	The Company does not anticipate any major change in treatment of revenue recognition given the nature of its activities.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Revenue and Other Income

	2019	2018
	\$	\$
Revenue from operating activities		
- Bequest income and memorial gifts	577,256	1,013,580
- Clinical trial income	2,427,843	2,161,311
- Donations	618,695	532,925
- Grants	1,210,465	806,655
- Other income	171,748	164,675
- Other interest received	173,767	129,231
	<u>5,179,774</u>	<u>4,808,377</u>

5 Result for the Year

The result for the year includes the following specific expenses:

Other expenses:

Depreciation and loss on disposal of assets	278,819	299,551
Research expenses	1,382,967	1,663,391
Employee benefits expense	2,450,973	2,109,666

6 Cash and Cash Equivalents

Cash on hand	200	200
Cash at bank	992,437	1,321,947
Short-term bank deposits	7,150,000	5,213,572
	<u>8,142,637</u>	<u>6,535,719</u>

7 Other Assets

CURRENT

Prepayments	39,049	42,073
	<u>39,049</u>	<u>42,073</u>

NON-CURRENT

Prepayments	-	30,000
	<u>-</u>	<u>30,000</u>

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Property, plant and equipment

	2019 \$	2018 \$
Buildings		
At cost	3,412,430	3,412,430
Accumulated depreciation	(769,043)	(687,289)
Total buildings	2,643,387	2,725,141
Furniture, fixtures and fittings		
At cost	3,137,500	3,229,530
Accumulated depreciation	(1,915,169)	(1,813,666)
Total furniture, fixtures and fittings	1,222,331	1,415,864
Computer equipment		
At cost	53,422	56,948
Accumulated depreciation	(45,599)	(45,593)
Total computer equipment	7,823	11,355
Artwork		
At cost	19,046	19,046
Total artwork	19,046	19,046
Total plant and equipment	1,249,200	1,446,265
Total property, plant and equipment	3,892,587	4,171,406

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings \$	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Artwork \$	Total \$
Year ended 30 June 2019					
Balance at the beginning of year	2,725,141	1,415,864	11,355	19,046	4,171,406
Depreciation expense	(81,754)	(164,931)	(2,839)	-	(249,524)
Assets written-off	-	(28,602)	(693)	-	(29,295)
Balance at the end of the year	2,643,387	1,222,331	7,823	19,046	3,892,587

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Trade and Other Payables

	2019 \$	2018 \$
Current		
Trade payables	4,302	37,023
GST payable	7,300	50,518
Other payables	143,724	113,283
	<u>155,326</u>	<u>200,824</u>

10 Other Liabilities

CURRENT		
Unearned income	2,094,296	1,312,530
	<u>2,094,296</u>	<u>1,312,530</u>
NON-CURRENT		
Unearned income	143,564	869,968
	<u>143,564</u>	<u>869,968</u>

11 Employee Benefits

Current liabilities		
Annual leave	101,738	87,414
Long service leave	24,161	37,179
	<u>125,899</u>	<u>124,593</u>
Non-current liabilities		
Long service leave	43,197	37,147
	<u>43,197</u>	<u>37,147</u>

12 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Gallipoli Medical Research Foundation Ltd during the year is \$726,454 (2018: \$661,464).

The Company has also recorded liabilities to key management personnel associated with employee benefits relating to accrued salary and wages, annual leave and long service leave. These amounts arise in accordance with employment agreements and applicable employment legislation.

13 Related Parties

Other than transactions with key management personnel described above, there were no other related party transactions that occurred during the financial year.

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 8 (2018: 11).

15 Cash Flow Information

(a) Reconciliation of cash

	2019	2018
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	8,142,637	6,535,719
	<u>8,142,637</u>	<u>6,535,719</u>

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Profit for the year	842,583	516,086
Non-cash flows in profit:		
- depreciation	249,524	299,551
- loss on disposal of property, plant and equipment	29,295	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	435,272	(392,856)
- (increase)/decrease in prepayments	33,024	57,049
- increase/(decrease) in trade payables	(32,718)	(8,684)
- increase/(decrease) in other payables and accruals	(12,778)	39,067
- increase/(decrease) in unearned income	55,361	695,989
- increase/(decrease) in employee benefits	7,355	50,025
Cashflows from operations	<u>1,606,918</u>	<u>1,256,227</u>

16 Capital and Leasing Commitments and Contingencies

Operating Lease Contingencies

The Company has a non-cancelable operating lease with Ramsay Hospital Holdings (Queensland) Pty Ltd for a period of 5 years commencing from 11 November 2017. The Company is entitled to a rent abatement equivalent to the full value of the rent providing the terms of the lease are complied with.

While the terms of the lease are complied with there are no amounts payable. However, if the terms of the lease were not complied with, the following amounts will be payable.

Gallipoli Medical Research Foundation Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Capital and Leasing Commitments and Contingencies (continued)

	2019	2018
	\$	\$
Minimum lease payments under non-cancelable operating leases:		
- not later than one year	479,500	479,500
- between one year and five years	1,438,500	1,918,000
	<u>1,918,000</u>	<u>2,397,500</u>

17 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

18 Statutory Information

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

Gallipoli Medical Research Foundation Ltd
Greenslopes Private Hospital
Newdegate Street
GREENSLOPES QLD 4120 4000

Gallipoli Medical Research Foundation Ltd

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Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 8 to 27, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Mr Liam Kelly

Director
Ms Carmel Monaghan

Brisbane, 3 October 2019

Gallipoli Medical Research Foundation Ltd

Independent Audit Report to the members of Gallipoli Medical Research Foundation Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gallipoli Medical Research Foundation Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2012*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Regulation 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditors' report thereon.

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

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

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

Gallipoli Medical Research Foundation Ltd

Independent Audit Report to the members of Gallipoli Medical Research Foundation Ltd

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

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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 Company to cease to continue as a going concern.



Gallipoli Medical Research Foundation Ltd

Independent Audit Report to the members of Gallipoli Medical Research Foundation Ltd

- 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 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.

Mazars Audit Qld.

Mazars Audit (QLD) Pty Limited
Authorised Audit Company: 338599


Matthew Green
Director

Brisbane, 3 October 2019