



aamri

Association of Australian
Medical Research Institutes

Association of Australian Medical Research Institutes Ltd

ACN 144 783 728

ABN 12 144 783 728

ANNUAL REPORT

YEAR ENDED 30 JUNE 2016

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DIRECTORS' REPORT

The Board of Directors present this report of the Association of Australian Medical Research Institutes Limited (the Company) for the financial year ended 30 June 2016.

PRINCIPAL OBJECTIVES

The Association of Australian Medical Research Institutes (AAMRI) is the peak body for Australia's independent medical research institutes (MRIs). At 30 June 2016, AAMRI had 46 member institutes.

The principal objectives of the Company during the reporting period were to:

1. represent the interests and needs of MRIs to government, industry and the public;
2. coordinate communication between the MRIs and improve scientific and administrative collaboration amongst those institutes and other research organisations;
3. advocate for the creation of a fiscal and regulatory environment that will ensure the efficient conduct of research, and the practical application of that research; and
4. ensure that government, industry and the public are aware of the contributions that medical research makes to improving human health, particularly through the activities of MRIs.

The principal objectives of the Company were changed by special resolution of the members at a general meeting on 14 July 2016. The general purpose of the principal objectives of the Company has not changed.

STRATEGY FOR ACHIEVING THESE OBJECTIVES

AAMRI aims to achieve its objectives through the following key mechanisms:

Advocate for high level policy reform

- develop a comprehensive policy platform around key McKeon Review recommendations
- influence policy through strong relationships with decision makers and opinion leaders

Be a trusted source of authoritative advice and information

- inform and influence government policy, regulation and funding decisions through regular consultation and formal submissions
- base policy and advocacy activities on collected evidence and member/stakeholder insights

Build the positive profile and strong voice of our members

- implement a communications strategy that builds the profile, resonance and reach of both AAMRI and its member institutions
- build relationships with related peak bodies and stakeholders to shape a strong, united voice

Represent, engage and connect members

- act as an information and networking hub for members and external stakeholders
- provide sector leadership, representing members in areas of shared concern.

DIRECTORS' REPORT (CONT)

PRINCIPAL ACTIVITIES DURING THE YEAR

Advocate for high level policy reform

AAMRI's sustained efforts throughout 2014 and 2015, advocating as part of the MRFF Action Group for the Federal Government's proposed \$20 billion Medical Research Future Fund (MRFF) came to fruition in August 2015, with the Federal Parliament passing the MRFF legislation. The fund currently stands at around \$4.4 billion, with the 2016 budget papers projecting that the fund will reach close to \$19 billion by 2019-10.

Advocating for the full capitalisation of the MRFF, and building the positive profile of the MRFF and medical research in the community, continues to be a priority for AAMRI. In October 2015 the "What's the Fuss?" campaign was launched at Parliament House, with the launch including speeches by the Minister for Health, the Shadow Minister for Health and Greens Research Spokesperson. The campaign included a 3-month television advertising campaign (provided pro bono) and a continuing social media campaign, including a new campaign website, YouTube channel and Facebook site.

The Advisory Board for the MRFF was announced in April, including amongst its eight members, AAMRI President, Professor Doug Hilton. Consultation on the strategy and priorities for MRFF disbursements commenced in June 2016, with the first disbursements from the fund are expected in 2016-17.

An ongoing priority for AAMRI will be to continue to work with the Federal Government to find a sustainable funding model that addresses the operational and support (indirect) costs incurred in undertaking government funded health and medical research. If left unaddressed the financial burden of meeting such costs will increase when the eventual \$1 billion per annum in funding for health and medical research starts flowing from the MRFF.

Another policy highlight in 2015-16 was the release of the Federal Government's National Innovation and Science Agenda (NISA) in late 2015, including a new \$250 million Biomedical Translation Fund, a 10-year funding commitment for research infrastructure, incentives to attract venture capital to Australia, and changes to the university research block grants to encourage greater industry collaboration. Working with others in the sector AAMRI has long advocated for many of the initiatives contained in the NISA.

Finally, a priority for AAMRI in 2016 was informing and influencing policies in the lead up to the federal election. While both major federal parties made additional commitments to medical research during their election campaigns, unfortunately neither committed to the full and equitable funding for the indirect costs of research, or opening up the Australian Research Council (ARC) programs to researchers outside the university sector.

Be a trusted source of authoritative advice and information

AAMRI continued to call for systemic reform of National Health and Medical Research Council (NHMRC) grant programs. This call was responded to with the announcement in January 2016 of a structural review of the NHMRC's grant programs. Members of the Expert Advisory Group include SAHMRI Director and AAMRI Board member, Professor Steven Wesselingh (Chair), and AAMRI President, Professor Doug Hilton. Sector consultation commenced in July 2016, and AAMRI responded by providing a consultation submission outlining a new grant program model.

DIRECTORS' REPORT (CONT)

Full and equitable funding for the indirect costs of research for MRIs and hospitals continues to be the primary concern for AAMRI's members. There was some progress in 2015-16, with the Government commissioning a Review of Research Policy and Funding Arrangements (the Watt Review), with a focus on streamlining funding for the indirect costs of research, improving industry collaboration, and increasing the commercial translation of research findings. Unfortunately, despite AAMRI's efforts, the scope of the review was limited to universities. While the final report recommended that the Government work to resolve the complex and inequitable indirect costs support arrangements for MRIs compared with universities, this recommendation was not included in the report's primary recommendations. This has meant this issue has not been addressed by the Government's response to the report, released in May 2016. AAMRI continues to work with the Department of Health and the Department of Education and Training to advocate for and guide indirect cost funding reforms.

A new fringe benefits tax (FBT) exemption cap for meals and entertainment for staff of Health Promotion Charities and hospitals was implemented in 2015-16. AAMRI continued to highlight to the Federal Government the importance of FBT exemptions (and the need to index them with inflation) to ensure MRIs are able to compete with national and international organisations to attract the best researchers and other highly skilled staff.

Finally, in 2015-16, AAMRI undertook its second biennial collection of member institute organisational, financial, workforce and research output data to inform its MRI Sector Report. The report is expected to be released in the second half of 2016.

Build the positive profile and strong voice of our members

AAMRI continued to build its own profile and that of its members through media and social media platforms, government relations, and engagement with related peak bodies. Of particular importance was AAMRI's relationship with Professionals Australia, including facilitating Professionals Australia's survey of the MRI workforce, and promoting the release of the resulting report. AAMRI also continues to be a member of the National Research Alliance, working with 15 other science, research and higher education peak bodies to promote strong support for science and research in Australia.

In 2015-16, AAMRI consulted with members to amend its constitution to formally expand its objectives and membership eligibility criteria to include non-independent MRIs (including university-, government- and hospital-based MRIs), as well as those medical research hubs with a constituent AAMRI member institute. A new constitutional requirement was introduced to ensure that a majority of the AAMRI Board, as well as the AAMRI President and President-Elect, are from an independent MRI. This requirement aims to ensure that AAMRI's ability to represent the particular issues of independent MRIs is not compromised. The amendments to the constitution were passed on 14 July 2016.

Represent, engage and connect members

A major undertaking for AAMRI in 2015-16 was representing independent MRIs in the Fair Work Commission's Four-Year Review of Modern Awards (Education Group), in particular, opposing the National Tertiary Education Union's (NTEU's) application to have independent MRIs captured under the Higher Education Industry Awards. AAMRI, working with Professionals Australia, has put substantial resources into opposing the NTEU's application, and in parallel has submitted a joint application to extend the Professional Employees Award to cover the approximately 30 per cent of MRI researchers not currently covered by this award.

AAMRI is continuing to liaise with Microsoft Australia on behalf of independent MRIs about re-

DIRECTORS' REPORT (CONT)

emerging issues with Microsoft's charity and not for profit volume licensing programs which have recently deemed MRIs as being ineligible to participate in these programs.

Members were updated on policy and political developments, sector news and AAMRI activities via AAMRI's monthly e-newsletter, MRFF updates and regular communications. AAMRI also continued to administer virtual networks of MRI Grants Managers, Chief Financial Officers and has in place a network for HR managers.

The AAMRI 2015 National Convention held in Canberra on 11-12 November, was attended by over 80 representatives from member institutes, and included speeches from the Minister for Health and Aged Care, the Hon Sussan Ley MP, the Leader of the Opposition, the Hon Bill Shorten MP, and the Leader of the Australian Greens, Senator Richard Di Natale. The announcement of Prof Tony Cunningham taking up the position of President-Elect was also made at the Convention.

DIRECTORS' REPORT (CONT)

KEY PERFORMANCE INDICATORS

	2013-14	2014-15	2015-16
Advocate for high level policy reform			
Letters to Federal Parliamentarians	5	14	7
Meetings with Federal Parliamentarians and advisors	34	~80	13*
Meetings with Federal department representatives	~20	~20	17
Be a trusted source of authoritative advice and information			
Formal Government submissions	8	15	9
Fact sheets, brochures & policy papers	6	5	3
Government working groups & boards	2	1	2
Build the positive profile and strong voice of our members			
Campaigns & alliances (<i>those organised by AAMRI</i>)	2 (0)	2 (1)	3 (1)
Media mentions – press, radio, TV (syndicated)	29	56	35**
Opinion pieces and articles	3	8	3
Media releases	10	25	17
Videos released	-	-	50
Websites	1	2	3
Twitter followers	500	1,400	2,100
Facebook impressions	-	-	100,000
YouTube Channel views	-	-	5,400
Represent, engage and connect members			
E-newsletters	12	15	13
E-newsletter subscribers	300	420	515
President blogs	1	3	5
Events and external speaking engagements	7	5	8

Finances

Revenue of \$543,195 was generated during the financial year ended 30 June 2016, resulting in a deficit of \$137,436.

*The variation in the number of meetings with Federal Parliamentarians and their advisors is explained by increased activity in 2014-15 in support of the establishment of the Medical Research Future Fund.

** This figure does not include more than 1500 screenings of the What's the Fuss campaign television commercial over three months on Channels 7, 9 and 10, at no cost to AAMRI. The commercial value of this free television advertising is worth close to \$1 million.

DIRECTORS' REPORT (CONT)

DIRECTORS

The table below lists Directors as at 30 June 2016.

Name	Position	First Appointed
Prof Jonathan Carapetis	Director	28 October 2014
Prof Brendan Crabb	Immediate Past President	20 October 2011
Prof Tony Cunningham	President-Elect	29 October 2013
Prof Frank Gannon	Director	29 October 2013
Prof Michelle Haber	Director	29 October 2013
Prof Douglas Hilton	President	27 August 2010
Mr Peter Scott	Director	6 March 2013
Prof Steve Wesselingh	Director	29 October 2013

Professor Tony Cunningham was appointed President-Elect on 12 November 2015.

COMPANY SECRETARY

Nicole den Elzen held the position of Company Secretary throughout 2015-16.

Peter Thomas was appointed Company Secretary on 4 July 2016

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Prof Jonathan Carapetis	Director
Qualifications	MBBS, PhD, FRACP, FAFPHM, FAHMS
Experience	Executive Director, Telethon Kids Institute Professor, University of Western Australia (UWA) Infectious Diseases Consultant, Princess Margaret Hospital for Children Member, Executive Board, WA Health Translation Network Member, Youth Justice Board, Department of Corrective Services WA Member, WA Immunisation Strategy Implementation Steering Committee (WAISISC) Chair, Clinical Advisory Group, WA RHD Control Program Council Member, National Health and Medical Research Council
Special Responsibilities	None

DIRECTORS' REPORT (CONT)

Prof Brendan Crabb	Immediate Past President
Qualifications	AC, BSc (Hons), PhD, FAHMS
Experience	<p>Director and CEO, Macfarlane Burnet Institute for Medical Research and Public Health Ltd</p> <p>Professor (Adjunct), The University of Melbourne & Monash University</p> <p>Chair, PATH/Malaria Vaccine Initiative, Vaccine Science Portfolio Advisory Council, USA</p> <p>Chair, AMREP (Alfred Medical Research and Education Precinct)</p> <p>Board Member, AMREP Animal Services Pty Ltd</p> <p>Board Member, Research Australia</p> <p>Council Member, National Health and Medical Research Council</p> <p>Member, Scientific Advisory Board, Monash Institute of Pharmaceutical Sciences (MIPS)</p> <p>Member, Scientific Advisory Board, Malaria Program, Wellcome Trust Sanger Institute, UK</p> <p>Board of Management, Gene Technology Access Centre (GTAC)</p>
Special Responsibilities	None
Prof Tony Cunningham	President-Elect
Qualifications	AO, MBBS, FRACP, FRCPA, FASM, FAHMS, MD
Experience	<p>Executive Director, Westmead Millennium Institute for Medical Research</p> <p>Professor of Research Medicine, University of Sydney</p> <p>Sub-Dean (Research), Westmead Clinical School, Sydney Medical School</p> <p>Director, Australian Centre for HIV and Hepatitis Virology Research (ACH²)</p> <p>Board Member, Westmead Medical Research Foundation</p> <p>Board Member, Marshall Institute, UWA</p> <p>Chair, Westmead Research Hub Executive</p> <p>Member, Westmead Research Hub Council</p> <p>Member, Global Advisory Board on Adult Vaccines, Merck</p> <p>Member, Governing Council, Sydney Health Partners</p>
Special Responsibilities	None

DIRECTORS' REPORT (CONT)

Prof Frank Gannon	Director
Qualifications	BSc (Hons), PhD, FAHMS
Experience	<p>Director and CEO, QIMR Berghofer Medical Research Institute</p> <p>Honorary Professor, The University of Queensland and Queensland University of Technology</p> <p>Board member Bimini Ltd (Ireland)</p> <p>Chair, Q-Pharm Pty Ltd</p> <p>Chair, Herston Imaging Research Facility Executive Committee</p> <p>Board member, Queensland Head and Neck Cancer Research Centre</p> <p>Board member, Brisbane Diamantina Health Research Partners</p>
Special Responsibilities	None
Prof Michelle Haber	Director
Qualifications	AM, BSc (Psych) (Hons), PhD, Hon DSc (UNSW), FAHMS
Experience	<p>Executive Director, Children's Cancer Institute</p> <p>Professor (Conjoint), University of New South Wales</p> <p>Board member, Children's Cancer Institute Australia</p> <p>Board member, Randwick Health and Medical Research Institute</p> <p>Member, International Neuroblastoma Response Criteria, Bone Marrow Working Group</p> <p>Member, ACRF Medical Research Advisory Committee</p> <p>Member, International Neuroblastoma Research Group (INRG) Biology Committee</p> <p>Member, Genetic Prognostic Features Subcommittee, International Neuroblastoma Risk Group</p> <p>Scientific Advisory Committee, Olivia Newton-John Cancer Institute</p>
Special Responsibilities	None

DIRECTORS' REPORT (CONT)

Prof Doug Hilton	President
Qualifications	AO, BSc (Hons), PhD, FAA, FTSE, FAHMS
Experience	<p>Director, Walter and Eliza Hall Institute of Medical Research</p> <p>Research Professor of Medical Biology and Head of the Department of Medical Biology, University of Melbourne</p> <p>Honorary Principal Fellow, Department of Zoology, University of Melbourne</p> <p>Academic Board, The University of Melbourne</p> <p>Board Member, Victorian Comprehensive Cancer Centre</p> <p>Scientific Advisory Board, Children's Cancer Institute</p> <p>Advisory Board, Australian Institute of Tropical Health & Medicine</p> <p>Board Member, Bio21 Cluster</p> <p>Chair, Scientific Advisory Board, Victor Chang Cardiac Research Institute</p> <p>Research Committee Member, South Australian Health and Medical Research Institute</p> <p>Member, Scientific Advisory Board, Cystic Fibrosis Society WA</p> <p>Member, Research Committee, The Hermon Slade Foundation</p> <p>Member, Consultative Council, Victorian Cancer Agency</p> <p>Member, Australian Medical Research Advisory Board</p> <p>Member, Expert Advisory Group for the Structural Review of NHMRC's Grant Program</p>
Special Responsibilities	Chair Board Meetings
Mr Peter Scott	Director
Qualifications	MCom (Hons)
Experience	<p>Chair, Baker IDI Heart & Diabetes Institute</p> <p>Chair, Medical Research Future Fund Action Group</p> <p>Director, UWC Limited</p> <p>Deputy Chairman, Gresham Advisory Partners Limited</p>
Special Responsibilities	None

DIRECTORS' REPORT (CONT)

Prof Steve Wesselingh Director	
Qualifications	BMBS, PhD, FRACP, FAHMS
Experience	Director, South Australian Health & Medical Research Institute Member, Australian Technical Advisory Group on Immunisation Chair, Anex Australia Board Member, Health Services Charitable Gift Board Research Advisory Committee Member, Health and Medical Research Advisory Council - SA Health Board Member, The Centre of Excellence in Intervention and Prevention Science Professor, Flinders University Professor, The University of Adelaide Professor, Monash University Member, NHMRC Health Translation Advisory Committee Chair, Expert Advisory Group for the Structural Review of NHMRC's Grant Program
Special Responsibilities	None

DIRECTORS' ATTENDANCE AT MEETINGS

The table below details the number of AAMRI Board meetings held during each Director's term in 2015-16, and the number of meetings attended by each Director.

Board of Directors meetings		
	Meetings attended	Meetings held
Prof Jonathan Carapetis	4	5
Prof Brendan Crabb	2	5
Prof Tony Cunningham	5	5
Prof Frank Gannon	5	5
Prof Michelle Haber	3	5
Professor Doug Hilton	5	5
Mr Peter Scott	5	5
Prof Steve Wesselingh	4	5

DIRECTORS' REPORT (CONT)

LIABILITY OF EACH MEMBER AND CONTRIBUTION ON WINDING UP

The liability of members is limited; if the Company is wound up, each Member, and each person who has ceased to be a Member in the preceding year undertakes to contribute to the property of the company an amount not exceeding \$20 in aggregate. AAMRI has only one class of membership.

DIVIDENDS PAID OR RECOMMENDED

The Company is a company Limited by Guarantee, having no share capital. In accordance with the Constitution, no dividends have been declared or paid.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The number of AAMRI members decreased from 47 to 46 in 2015-16. Three members relinquished their membership due to governance or organisational changes, including the Queensland Children's Medical Research Institute, the Women's and Children's Health Research Institute, and the Schizophrenia Research Institute. New members included the John Curtin School of Medical Research and the Robinson Research Institute.

As foreshadowed in the budget forecast presented to the Annual General Meeting on 12 November 2015 AAMRI operated at deficit in 2016. This deficit incorporates extraordinary legal expenses of \$134,856 which will be partially recuperated from members in 2016-17.

AFTER BALANCE DATE EVENTS

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

The constitution of the Company was changed by special resolution of the members at a general meeting on 14 July 2016.

INDEMNIFYING OFFICERS

The Constitution of the Company provides that, to the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred by that person as such an officer in respect of any act or omission whatsoever and howsoever occurring in defending proceedings, whether civil or criminal.

During the financial year the Company has paid premiums to insure all the Directors and Officers against liabilities for costs and expenses incurred by them in defending any claims arising out of their conduct while acting in the capacity of an Officer of the Company to the extent permitted by the Corporations Act 2001.

DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company with a Director, a firm of which a Director is a member or

DIRECTORS' REPORT (CONT)

an entity in which a Director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments receivable by Directors and shown in the Company's accounts, or the fixed salary of an employee of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the 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 part of those proceedings.

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and is presented on page 15 of this report.

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



Professor Doug Hilton AO

President



Professor Tony Cunningham AO

President-Elect

Dated this 27th day of September 2016



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Auditor's Independence Declaration to the Directors of the Association of Australian Medical Research Institutes Limited

In relation to our audit of the financial report of the Association of Australian Medical Research Institutes Limited for the financial year ended 30 June 2016, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Kylie Bodenham
Partner
27 September 2016

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue from Operating Activities	2	543,195	531,208
Expenses from Operating Activities			
Advertising & business promotion		2,269	-
Affiliate membership		-	-
Bank charges		55	92
Books, magazines & subscriptions		9,118	6,944
Conference/Function attendance		3,841	3,073
Consultants fees		4,000	52,783
Depreciation		725	564
Expensed Equipment		2,909	512
Extraordinary legal expenses		134,856*	-
Gifts		1,992	452
Insurance		2,894	3,015
Postage, printing, stationery & photocopying		2,195	10,553
Professional development		505	-
Professional fees		26,586	22,010
Recruitment fees		1,162	-
Salaries		304,855	246,264
Special functions		53,637	58,591
Telephone & internet		3,343	1,656
Travel & meeting expenses		30,296	33,024
Website & software costs		5,544	5,777
		<u>590,782</u>	<u>445,310</u>
Surplus for the year		<u>(47,587)</u>	<u>85,898</u>
Other comprehensive expense			
MRFF Campaign expense		<u>89,849**</u>	<u>59,903</u>
Total comprehensive (loss) / income for the year attributable to members		<u><u>(137,436)</u></u>	<u><u>25,995</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

* Extraordinary legal expenses were incurred by AAMRI in putting forward representations to the Fair Work Commission's Four Year Review of Modern Awards. Some of these expenses will be recuperated from independent Medical Research Institute members in 2016-17.

** This represents AAMRI's share of MRFF Campaign expenses, split between AAMRI, the Group of Eight Universities and Research Australia.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash		753,473	926,280
Trade and other receivables	3	16,729	2,664
Prepayments		15,647	14,329
Total Current Assets		785,849	943,273
Non-Current Assets			
Equipment		2,917	1,130
Investments	6	1	1
Total Non-Current Assets		2,918	1,131
TOTAL ASSETS		788,767	944,404
LIABILITIES			
Current Liabilities			
Trade and other payables	4	107,679	125,880
Total Current Liabilities		107,679	125,880
TOTAL LIABILITIES		107,679	125,880
NET ASSETS		681,088	818,524
EQUITY			
Retained Profits at the beginning of the year		818,524	792,524
Net (loss) / profit for the year		(137,436)	25,995
TOTAL EQUITY		681,088	818,524

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	Retained Profits \$	Total Equity \$
Balance as at 1 July 2014	792,529	792,529
Total comprehensive income for the year	25,995	25,995
Balance at 30 June 2015	818,524	818,524
Balance as at 1 July 2015	818,524	818,524
Total comprehensive income for the year	(137,436)	(137,436)
Balance at 30 June 2016	681,088	681,088

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	Note	2016 \$	2015 \$
Cash flow from operating activities			
Receipts from membership fees (inclusive of GST)		558,642	537,389
Sponsorship receipts (inclusive of GST)		40,216	35,000
Payments to suppliers and employees (inclusive of GST)		(776,845)	(524,599)
Interest		7,943	13,240
Net cash inflow from operating activities	5(b)	(170,044)	61,070
Cash flow from investing activities			
Payments for equipment		(2,763)	-
Net cash outflow from investing activities		(2,763)	-
Net increase / (decrease) in cash held		(172,807)	61,070
Cash at the beginning of the financial year		926,280	865,210
Cash at the end of the financial year		753,473	926,280

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for the Association of Australian Medical Research Institutes Limited as an individual entity, incorporated and domiciled in Australia. The Australian Medical Research Institutes Limited is a company limited by guarantee having converted from an Association on the 23rd June 2010.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on the basis of historical cost and, except where stated, investments have been measured at fair value.

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The following significant accounting policies have been adopted in the preparation and presentation of the annual accounts.

(a) Cash

Cash comprises cash at bank. For the purposes of the cash flow statement, cash represents cash at bank.

(b) Trade and Other Receivables

Trade receivables are recorded at original invoice amount less any allowance for doubtful debts.

Member's fee receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that AAMRI will not be able to collect the debts. Bad debts are written off when identified.

(c) Income Tax

The company is a not for profit organisation and is considered a charitable institution under subdivision 50-B of the Income Tax Assessment Act.

(d) Trade and Other Payables

Trade and other payables are recognised when AAMRI becomes obliged to make future payments resulting from the purchase of goods and services.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

NOTES TO THE FINANCIAL STATEMENTS (CONT)

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis.

(f) Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to AAMRI and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Membership Fees

Revenue from membership fees is recognised when AAMRI has raised the invoice to the members.

Sponsorship

Revenue from sponsorships is recognised when received.

(g) Impairment of Assets

AAMRI assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of an asset. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(h) Equipment

Equipment is computer equipment which is amortised over 3 years.

(i) New Accounting Standards for Application in Future Periods

New accounting standards issued by the AASB with mandatory application dates for future reporting periods have not been adopted in these statements.

No new accounting standards have been adopted by AAMRI in the current year.

	2016 \$	2015 \$
2. REVENUE FROM ORDINARY ACTIVITIES		
Membership fees received	498,692	486,150
Sponsorship fees	36,560	31,818
Interest on bank balance	7,943	13,240
Total Revenue from Operating Activities	543,195	531,208

NOTES TO THE FINANCIAL STATEMENTS (CONT)

	2016 \$	2015 \$
3. TRADE AND OTHER RECEIVABLES		
Trade receivables	-	733
GST Receivable	16,729	-
Accrued income	-	1,931
Total receivables	16,729	2,664

Trade receivables from Operating Activities	-	733
31-60 Days	-	-
61-90 Days	-	591
91 Days and over	-	142
Totals	-	733

4. TRADE AND OTHER PAYABLES

Trade payables	104,403	83,722
Accruals	3,276	42,158
	107,679	125,880

5. CASH FLOW RECONCILIATION

- (a) For the purposes of the cash flow statement, cash represents cash on hand and in the bank.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT)

	2016 \$	2015 \$
(b) Reconciliation of net surplus /(deficit) from operating activities		
Operating surplus / (deficit) from ordinary activities	(137,436)	25,995
Add Depreciation	725	564
<i>Changes in assets and liabilities:</i>		
<i>(Increase) / decrease in assets:</i>		
Receivables	733	(591)
Prepayments	(1,318)	175
Accrued Income	1,931	-
GST and Other Receivables	(16,729)	3,040
<i>Increase/ (decrease) in liabilities:</i>		
Accounts payable	20,932	82,545
Accruals	(38,882)	(50,658)
Net Cash provided by / (used in) Operating Activities	(170,044)	61,070

6. INVESTMENTS

Investment at Impaired Value	1	1
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In financial periods prior to 2010, contributions were made to The Australian Synchrotron Beamlines Trust (ASBT) for construction of the critical suite of beamlines and this expenditure was treated as an expense. Five million (5,000,000) ordinary shares paid per share of \$1 in Australian Synchrotron Holdings shares were issued to AAMRI for zero consideration in lieu of the past contributions.

As there is no defined market for the Australian Synchrotron Holding Company Pty Ltd shares or any measurable economic benefit to AAMRI for this investment, AAMRI wrote down the value of the investment from \$5,000,000 to \$1 in 2008.

After the reporting period AAMRI's shares in the Australian Synchrotron Holding Company Pty Ltd were sold to the Australian Government for \$1 to facilitate ongoing government investment in the Australian Synchrotron.

7. REMUNERATION OF AUDITORS

The auditor of AAMRI is Ernst & Young.

Amounts due to the auditors of AAMRI in respect of

- Auditing the financial report for the year	2,750	2,500
	2,750	2,500

NOTES TO THE FINANCIAL STATEMENTS (CONT)

8. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies at balance sheet date.

9. SUBSEQUENT EVENTS

Between the end of the financial year and the date of this report, there is no item, transaction or event of a material nature likely to affect substantially the operations or the state of affairs of AAMRI in subsequent financial years.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

AAMRI's principal financial instruments comprise receivables and cash. The main risks arising from AAMRI's financial instruments are credit risk and interest rate risk. Primary responsibility for identification and control of financial risks rests with the Directors.

Fair values

The fair values of AAMRI's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

Risk exposures and responses

(a) Interest rate risk

AAMRI is exposed to market risk for changes in interest rates, primarily related to cash at hand.

At balance date AAMRI had the following financial assets exposed to Australian variable interest rate risk.

Cash held by AAMRI – 30 June 2015	\$926,280
Cash held by AAMRI – 30 June 2016	\$753,473

Cash at hand is held in a cash management account with Westpac Banking Corporation.

(b) Credit risk

Receivable balances are monitored on an ongoing basis with the result that AAMRI's exposure to bad debts is limited.

There are no significant concentrations of credit risk within AAMRI. The Company has the majority of its members concentrated in the Australian medical research industry and the majority remits payment within 45 days.

DIRECTORS' DECLARATION

27 September 2016

Dear Sir/Madam

Re: Directors' Declaration for the audit of the Association of Australian Medical Research Institutes Limited

In accordance with a resolution of the Directors of the Association of Australian Medical Research Institutes Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are 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 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and the Australian Charities and Not-for Profits Commission Act 2012;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due payable.

On behalf of the Board



Professor Doug Hilton AO

President



Professor Tony Cunningham AO

President-Elect



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Independent auditor's report to the members of the Association of Australian Medical Research Institutes Limited

Report on the financial report

We have audited the accompanying financial report of the Association of Australian Medical Research Institutes Limited (the 'registered entity'), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the registered entity 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 Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the registered entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a. the financial report of the Association of Australian Medical Research Institutes Limited is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - i giving a true and fair view of the registered entity's financial position as at 30 June 2016 and of its performance for the 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. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Melbourne
27 September 2016