



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 2018

PO Box 2097
Royal Melbourne Hospital VIC 3050
T 03 9345 2500
enquiries@aamri.org.au
www.aamri.org.au

CONTENTS

3	Directors' Report
16	Auditor's Independence Declaration
17	Statement of Comprehensive Income
18	Statement of Financial Position
19	Statement of Changes in Equity
20	Statement of Cash Flows
21	Notes to the Financial Statements
26	Directors' Declaration
27	Independent Audit Report

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 2018.

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 2018, AAMRI had 49 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

- Promote the broader health and economic benefits of medical research.
- Advocate for sustainable and predictable investment in all stages of medical research commensurate with the future health needs of the nation.
- Campaign for the full capitalisation of a Medical Research Future Fund and provide strategic advice on how to get the most from the new opportunities it will deliver.
- Develop policies that encourage diversity and strength within the research workforce.

Be a trusted source of authoritative advice and information

- Build a solid evidence base by collating and analysing existing information, and address knowledge gaps through the development of new authoritative reports and papers.
- Base policy and advocacy activities on strong evidence and insights from our members and other stakeholders.
- Inform and influence government policy, regulation and funding decisions through regular consultations and formal submissions.

DIRECTORS' REPORT (CONT)

Build the positive profile and strong voice of our members amongst key stakeholders

- Build relationships and partner with related peak bodies and stakeholders – including in the research, health and patient advocacy sectors – to help shape a strong, united voice and consistent, joined-up policy and advocacy activities.
- Influence decisions through strong relationships with key decision makers and opinion leaders, and a network of influential advocates and champions.
- Strengthen awareness of the unique purpose and benefits of medical research institutes and AAMRI's distinct role in representing them.
- Develop and implement a communications and advocacy strategy that builds the profile, resonance and reach of both AAMRI and its member institutions.

Represent, engage and connect members

- Provide sector leadership, representing members in areas of shared concern.
- Act as an information and networking hub for members and external stakeholders, and coordinate member involvement in advocacy, consultations and AAMRI's strategic direction.
- Actively recruit members to augment our resources and capabilities to address the array of state and federal matters affecting our member organisations.
- Ensure a governance and organisational structure that maximises the continuity, fairness and quality of our services to members.

DIRECTORS' REPORT (CONT)

PRINCIPAL ACTIVITIES DURING THE YEAR

Advocate for high level policy reform

AAMRI's continued efforts over multiple years in advocating for the establishment of the Medical Research Future Fund (MRFF) were rewarded in 2017-18 as the first major research programs were awarded investment from the MRFF. First announced at the 2013-14 Federal Budget, AAMRI played a central role in founding the MRFF Action Group which advocated for the Fund's establishment. At the Federal Budget more than \$2 billion were committed for new missions and programs in areas such as mental health, genomics, diabetes, heart disease, and rare diseases. Throughout 2017 and 2018 AAMRI has continued to advocate for the full capitalisation of the \$20 billion Medical Research Future Fund. The fund now stands at around \$9.5 billion, and AAMRI will continue with its efforts to promote the benefits of the MRFF and seek both political and community support to ensure the fund reaches its full potential.

With the MRFF established and significant funding flowing out to projects, AAMRI has been engaged with the government and other stakeholders to consider how maximum health benefits can be gained from this once in a generation funding opportunity. This has included advocating for grant contestability to help high quality research is funded by the MRFF. To date, the vast majority of MRFF funding has been distributed through contestable mechanisms. AAMRI is also working with other peak bodies to advocate for high level strategic thinking on how the fund can best operate in conjunction with other funding opportunities, such as through the National Health and Medical Research Council (NHMRC), the Biomedical Translation Fund, and through other philanthropic and commercial sources.

AAMRI has advocated for many years for reform of the NHMRC grant program is needed to ensure its long term sustainability. Following the NHMRC's review of the grant program details of the high level structure of the new grant program and peer review processes were released, and many of the features that AAMRI wanted to see had been incorporated. Over the last year AAMRI has assisted with the development of the new grant program by providing submissions on peer review arrangements, and a new framework for assessment and funding of clinical trials and cohort studies.

AAMRI continues to advocate for reform in how the systemic costs of research (indirect costs) are funded. The biennial AAMRI Member Report has proved invaluable in making the case for adequate support, and for illustrating the policy and fiscal challenges the current system causes. It is a long-term challenge to overcome this issue but there were some notable successes over the last year. This included seeing NHMRC IRIISS return to funding 20 cents per dollar of NHMRC research expenditure. This occurred after AAMRI highlighted the difficulties that the drop to 18 cents was causing members. In addition to this, following AAMRI's representation to the Department of Health, assurances have been provided that MRIs will receive support for the systemic costs of research incurred in undertaking MRFF funded research.

AAMRI's efforts to ensure medical research occupations were reinstated to the skilled occupation lists were rewarded at the start of the year. This followed a significant campaign effort by AAMRI following the removal of these occupations in April 2017. Since then, AAMRI has been engaged with the Department of Immigration and Border Protection on a number of broader immigration policy matters. This has included making contributions towards the policy development of the new Global Talent Visa

DIRECTORS' REPORT (CONT)

which was launched in July this year. A number of AAMRI's suggestions, including the proposed salary level for the visa, were incorporated into the final design of this new visa program.

Proposed changes to Commonwealth Electoral legislation put forward in December 2017 continue to cause the not for profit sector a great deal of concern. The changes would have made it much more burdensome for MRIs in receipt of overseas funding and could potentially prevent MRIs from speaking out on important health policy issues. AAMRI undertook repeated media work to highlight its concerns with the Bill, and met with politicians to discuss our concerns, made submissions to the inquiry into the Bill, provided oral evidence to the Joint Standing Committee on Electoral Matters. Following representations from AAMRI and the broader not for profit sector the Joint Standing Committee recommended a number of important changes to alleviate the most pressing concerns with the Bill. The sector now awaits the Government's response.

After many years of campaigning by the research sector the Government has released its national research infrastructure plan and at the last Budget committed funding for its implementation. This saw significant new funding allocated for the large scale national research infrastructure that is required to undertake world class medical research.

MRIs have for a number of years been unfairly discriminated against within the program rules for the CRC program. The program rules have effectively prevented MRIs from taking part in a CRC unless they were working in collaboration with a university or government agency. Following AAMRI's repeated representation on this issue the rules for the CRC-P program were amended and medical research institutes can now compete on their own merits.

AAMRI provided multiple submissions to the Review of the Australian Code for the Responsible Conduct of Research. A number of AAMRI's suggestions were taken up in the final version of the Code including the potential use of external panel members, and the need to indemnify panel members. To assist members in implementing the Code AAMRI has developed a database of external panel members who would be willing to serve on a panel.

Be a trusted source of authoritative advice and information

Work on the second AAMRI Member Report has been underway throughout the year. This major report sets out by numbers the size and significance of the MRI sector. First published in 2016 it is updated every two years. Key sections of the report are now being turned into videos and infographics highlighting the success of the MRIs, which in turn have been shared on social media. The document is a key reference material that underpins much of AAMRI's advocacy and sector promotion efforts.

On Budget night AAMRI undertook a detailed analysis of the announced measures relating to medical research, and in particular those relating to the MRFF and national research infrastructure. This analysis has been widely distributed throughout the sector and resulted in a surge of visits to the AAMRI website.

An important part of AAMRI's work is ensuring that the important role of MRIs is considered when designing new government programs or introducing new legislation. Throughout the year AAMRI

DIRECTORS' REPORT (CONT)

made submissions to a wide variety of government consultations and parliamentary inquiries. This included making comments on the new NHMRC grant program, electoral funding laws, visa simplification, ethical conduct of research, inquiry into research funding and the Defence Trade Controls Act. AAMRI's submissions continue to be well received and the recommendations are frequently incorporated into final policy documents or legislation.

As the MRFF has got underway there has been a thirst for information throughout the sector on how the new funded programs will work. There has also been a great deal of interest in understanding how the new NHMRC grant program will operate. In response to this AAMRI has kept an up to date list of MRFF funding opportunities on its website and has provided summaries of the new NHMRC grant program.

Build the positive profile and strong voice of our members

AAMRI has continued to strengthen its relationships with related peak bodies. AAMRI is a member of the National Research and Innovation Alliance, working with 15 other science, research and higher education peak bodies to promote strong support for science and research in Australia. Frequent meetings are held with other research and science bodies to help work towards common goals.

Proposed changes to the R&D tax incentive saw the medical research sector unite and put forward joint positions outlining the negative impact the proposed cap on R&D tax incentive concessions could have on the sector. Following this approach, the Government agreed to exempt clinical trials from the cap and has worked with the sector to develop appropriate definitions for the legislation. The legislation is expected to be introduced into parliament in late 2018 or early 2019.

Highlighting the achievements of MRIs continues to be at the forefront of all of AAMRI's activities. AAMRI's social media activities are used to draw attention to some of the most outstanding achievements of our members. To highlight the special place of MRIs the AAMRI Member Report has been turned into a public facing document, *Australia's Medical Research Institute Snapshot*, that highlights the collective strength of the sector.

AAMRI is frequently contacted to provide media comments on the latest developments in the sector and promotes the successes of its members. Throughout the year a number of op-ed pieces and other media articles with contributions from the AAMRI President have been published, as well as important media releases issued to coincide with sector developments. This included a two-page tribute in the Herald-Sun to Connie Johnson, a champion of medical research who provided so much help in helping to get the MRFF legislation through Parliament. AAMRI also provided public commentary on the potential ground-breaking role the MRFF could play in the health sector, comments on the Federal Budget, and reaction to proposed changes to the Defence Trade Controls Act.

Represent, engage and connect members

AAMRI continued to represent 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. Over the last three years AAMRI, working with Professionals Australia, has devoted

DIRECTORS' REPORT (CONT)

substantial effort 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 the award. A preliminary decision was delivered earlier this year indicating that independent MRIs should not be covered by the Education Award. However, the Fair Work Commission called for further submissions before it could deliver a final outcome. A final outcome is expected in the coming months.

AAMRI has work with Microsoft Australia on behalf of independent MRIs with regards to re-emerging issues with Microsoft's charity and not for profit volume licensing programs. This issue has affected MRIs on and off since 2011 and has the potential to cause severe financial harm to the sector. Having met with representatives of Microsoft multiple times throughout the year it was with great delight that AAMRI secured a positive commitment for this issue to be addressed. This has resulted in MRIs continuing to have access to the not for profit programs.

A sustained effort has been made to develop and enhance AAMRI's member networks. Two new networks were launched in 2017, the Research Strategy Network, and the Research Governance Network. Special workshops were organised for both networks, and an online discussion forum developed. In addition to these two new networks the HR Managers' Network, IT Managers' Network, and the Research Administration Officers' Network continue to provide networking opportunities for members through annual meetings and online discussions.

Working with our members AAMRI has established a Research Impact Working Group to help develop meaningful, standardised metrics for measuring impact of health and medical research. This group has successfully received a grant from the Ian Potter Foundation to undertake this work. Members from a range of different organisations are contributing towards this project and it is hoped that once complete there will be a standardised set of research impact metrics for implementation and use across the sector.

Keeping members up to date with the latest developments in the sector continues to be a priority. Over the last year 11 e-newsletters were distributed to members and subscribers along with occasional bulletins. These newsletters provide a comprehensive overview of the latest developments in the sector. In addition to this AAMRI's social media activities and engagement continue to grow with a substantial increase in the number of followers on twitter.

The 2017 AAMRI Convention was held in Canberra on 6-7 December and was attended by over 100 representatives from member institutes. As part of the Convention the Annual AAMRI Dinner was held at Parliament House thanks to the generous sponsorship of CSL. The Dinner included speeches from the Minister for Health, the Hon Greg Hunt MP and the Shadow Industry, Innovation, Science and Research, the Senator the Hon Kim Carr.

DIRECTORS' REPORT (CONT)

KEY PERFORMANCE INDICATORS

	2015-16	2016-17	2017-18
Advocate for high level policy reform			
Letters to Federal Parliamentarians	7	23	23
Meetings with Federal Parliamentarians and advisors	13	26	27
Meetings with Federal department representatives	17	20	18
Be a trusted source of authoritative advice and information			
Formal Government submissions	9	16	11
Fact sheets, brochures & policy papers	3	7	16
Government working groups & boards	2	1	1
Build the positive profile and strong voice of our members			
Media mentions – press, radio, TV (syndicated)	35*	51	70
Opinion pieces and articles	3	3	4
Media releases	17	23	12
Videos released	50	18	16
Websites	3	3	1
Twitter followers	2,100	3,340	4,237
Facebook impressions	100,000	16,300	n/a**
YouTube Channel views	5,400	1,555	378
Represent, engage and connect members			
E-newsletters	13	12	12
E-newsletter subscribers	515	601	662
Events and external speaking engagements	8	6	6

Finances

Revenue of \$717,810 was generated during the financial year ended 30 June 2018, resulting in a surplus of \$171,861.

* This figure does not include more than 1,500 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.

** Facebook impressions were generated through the What's the Fuss campaign which has now concluded.

DIRECTORS' REPORT (CONT)

DIRECTORS

The table below lists Directors as at 30 June 2018.

Name	Position	First Appointed
Prof Jonathan Carapetis	Director	28 October 2014
Prof Tony Cunningham AO	President	29 October 2013
Prof Frank Gannon	Director	29 October 2013
Prof Michelle Haber AM	Director	29 October 2013
Prof Elizabeth Hartland	Director	6 December 2017
Prof Vlado Perkovic	Director	6 December 2017
Mr Peter Scott	Director	6 March 2013
Prof Steve Wesselingh	President-elect	29 October 2013

Professor Tony Cunningham assumed the role of President on 10 November 2016.

COMPANY SECRETARY

Dr Peter Thomas held the position of Company Secretary for the period 1 July 2017 to 30 June 2018

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Prof Jonathan Carapetis	Director
Qualifications	MBBS, PhD, FRACP, FAFPHM, FAHMS
Experience	<ul style="list-style-type: none"> • 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
Prof Tony Cunningham	President
Qualifications	AO, MBBS, FRACP, FRCPA, FASM, FAHMS, MD

DIRECTORS' REPORT (CONT)

Experience	<ul style="list-style-type: none"> • Executive Director, Westmead Millennium Institute for Medical Research • Professor of Research Medicine, University of Sydney • Director, Australian Centre for HIV and Hepatitis Virology Research (ACH2) • Board Member, Westmead Medical Research Foundation • Board Member, Marshall Institute, UWA • Chair, Westmead Research Hub Executive • Member, Westmead Research Hub Council • Member, Global Advisory Board on Adult Vaccines, Merck • Member, Sydney Health Partners
Special Responsibilities	None

Prof Frank Gannon Director

Qualifications	BSc (Hons), PhD, FAHMS
Experience	<ul style="list-style-type: none"> • Director and CEO, QIMR Berghofer Medical Research Institute • Honorary Professor, The University of Queensland and Queensland University of Technology • Board member Bimini Ltd (Ireland) • Chair, Q-Pharm Pty Ltd • Board member, Herston Imaging Research Facility Executive Committee • Board member, Queensland Head and Neck Cancer Research Centre • Board member, Brisbane Diamantina Health Research Partners • Chair of GenomiQa Pty. Ltd.
Special Responsibilities	None

Prof Michelle Haber Director

Qualifications	AM, BSc (Psych) (Hons), PhD, Hon DSc (UNSW), FAHMS
Experience	<ul style="list-style-type: none"> • Executive Director, Children's Cancer Institute • Professor (Conjoint), University of New South Wales • Board member, Children's Cancer Institute Australia • Board member, Health Science Alliance • Member, International Neuroblastoma Response Criteria, Bone Marrow Working Group • Member, ACRF Medical Research Advisory Committee • Member, International Neuroblastoma Research Group (INRG) Biology Committee • Member, Genetic Prognostic Features Subcommittee, International Neuroblastoma Risk Group • Scientific Advisory Committee, Olivia Newton-John Cancer Institute • Board Member, ARC Centre of Excellence for Bio-Nano Science and Technology

DIRECTORS' REPORT (CONT)

Special Responsibilities	None	<ul style="list-style-type: none"> • Council Member, SPHERE – Maridulu Budyari Gumal (Sydney partnership for health, education, research and enterprise)
Prof Elizabeth Hartland	Director	
Qualifications	BSc (Hons), BA, PhD, Grad Cert Higher Ed	
Experience	<ul style="list-style-type: none"> • Director and CEO, Hudson Institute of Medical Research • Professor, Monash University • Professor, University of Melbourne • Professor, Hokkaido University • Chair, Victorian Premier's Awards for Health and Medical Research • Chair, Monash Health Research Precinct (MHRP) Board 	
Special Responsibilities	None	
Prof Vlado Perkovic	Director	
Qualifications	MBBS, PhD, FRACP, FASN	
Experience	<ul style="list-style-type: none"> • Executive Director, George Institute for Global Health, Australia • Professor of Medicine, UNSW Sydney • Honorary Professor, University of Sydney • Board Member, George Clinical • Board Member, Australian Clinical Trials Alliance • Chairman, International Society of Nephrology Advancing Clinical Trials group • Member, NHMRC Health Translation Advisory Committee • Member, NHMRC Clinical Trials working group • Member, Australasian Kidney Trials Network Operations Secretariat 	
Special Responsibilities	None	
Mr Peter Scott	Director	
Qualifications	MCom (Hons)	
Experience	<ul style="list-style-type: none"> • Chair, Baker Heart & Diabetes Institute • Director, UWC Limited • Deputy Chairman, Gresham Advisory Partners Limited 	
Special Responsibilities	None	
Prof Steve Wesselingh	Director	
Qualifications	BMBS, PhD, FRACP, FAHMS	
Experience	<ul style="list-style-type: none"> • Director, South Australian Health & Medical Research Institute 	

DIRECTORS' REPORT (CONT)

- 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

Special Responsibilities President-elect

DIRECTORS' ATTENDANCE AT MEETINGS

The table below details the number of AAMRI Board meetings held during each Director's term in 2017-18, and the number of meetings attended by each Director.

Board of Directors meetings		
	Meetings attended	Meetings eligible to attend
Prof Jonathan Carapetis	2	5
Prof Tony Cunningham	5	5
Prof Frank Gannon	4	5
Prof Michelle Haber	4	5
Prof Elizabeth Hartland*	3	3
Prof Vlado Perkovic*	2	3
Mr Peter Scott	5	5
Prof Steve Wesselingh	5	5
Prof Brendan Crabb (retired)**	1	1
Prof Doug Hilton (retired)**	1	1

*Prof Hartland and Prof Perkovic joined the Board on the 7 December and were therefore eligible to attend only three Board meetings in 2017-18

**Prof Brendan Crabb and Prof Doug Hilton left the Board on the 7 December and were therefore eligible to attend only one Board meeting in 2017-18

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 increased from 47 to 49 in 2017-18. New members included the Kirby Institute and the Ingham Institute for Applied Medical Research.

AAMRI incurred extraordinary legal expenses in 2015-16, 2016-17 and 2017-18 relating to the Fair Work Commission's Four-Year Review of Modern Awards (Education Group). Part of these expenses were recouped from affected members via a voluntary levy in 2016-17 and 2017-18. It is anticipated the remaining expenses will be recouped via voluntary levy in 2018-19. The impact of this has been an increase in revenue of \$80,494 for 2017-18.

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.

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 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.

DIRECTORS' REPORT (CONT)

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 2018 has been received and is presented on page 16 of this report.

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

Professor Tony Cunningham AO

President



Professor Vlado Perkovic

Director



Dated this 19th day of October 2018



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 Association of Australian Medical Research Institutes Limited for the financial year ended 30 June 2018, 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 any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'K Bodenham' in a cursive style.

Kylie Bodenham
Partner
19 October 2018

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue from Operating Activities	2	717,810	674,253
Expenses from Operating Activities			
Advertising & business promotion		-	457
Bank charges		65	86
Books, magazines & subscriptions		11,247	11,158
Conference/Function attendance		584	200
Consultants fees		19,981	-
Depreciation		2,019	1,621
Expensed Equipment		1,357	117
Extraordinary legal expenses*		24,726	141,014
Gifts		797	391
Insurance		3,076	3,632
Postage, printing, stationery & photocopying		5,761	19,288
Professional fees		15,926	12,816
Recruitment fees		761	223
Salaries		340,639	342,846
Special functions		71,313	65,427
Sponsorship		2,727	-
Telephone & internet		3,279	2,923
Travel & meeting expenses		37,924	34,898
Website & software costs		3,767	3,069
		<u>545,949</u>	<u>640,166</u>
 Total comprehensive income / (loss) for the year attributable to members		 <u><u>171,861</u></u>	 <u><u>34,087</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 2018-19.

STATEMENT OF FINANCIAL POSITION as at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash		945,638	760,283
Trade and other receivables	3	28,168	36,141
Prepayments		18,872	9,980
Total Current Assets		992,678	806,404
Non-Current Assets			
Equipment		4,968	3,266
Total Non-Current Assets		4,968	3,266
TOTAL ASSETS		997,646	809,670
LIABILITIES			
Current Liabilities			
Trade and other payables	4	110,610	94,495
Total Current Liabilities		110,610	94,495
TOTAL LIABILITIES		110,610	94,495
NET ASSETS		887,036	715,175
EQUITY			
Retained Profits at the beginning of the year		715,175	681,088
Net profit / (loss) for the year		171,861	34,087
TOTAL EQUITY		887,036	715,175

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	Retained Profits \$	Total Equity \$
Balance as at 1 July 2016	681,088	681,088
Total comprehensive income for the year	34,087	34,087
Balance at 30 June 2017	715,175	715,175
Balance as at 1 July 2017	715,175	715,175
Total comprehensive income for the year	171,861	171,861
Balance at 30 June 2018	887,036	887,036

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

STATEMENT OF CASH FLOWS

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Receipts from membership fees (inclusive of GST)		656,787	562,705
Receipts from membership voluntary contribution (inclusive of GST)		88,543	119,446
Sponsorship receipts (inclusive of GST)		40,377	40,174
Payments to suppliers and employees (inclusive of GST)		(600,163)	(717,580)
Interest		3,532	4,034
Net cash inflow from operating activities	5(b)	189,076	8,779
Cash flow from investing activities			
Payments for equipment		(3,721)	(1,970)
Proceeds from sale of investments		-	1
Net cash outflow from investing activities		(3,721)	(1,969)
Net increase in cash held		185,355	6,810
Cash at the beginning of the financial year		760,283	753,473
Cash at the end of the financial year		945,638	760,283

The above statement of cash flows 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 Incorporated 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 and Voluntary Levies

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.

	2018	2017
	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES		
Membership fees received	597,079	525,110
Membership voluntary contribution	80,493	108,587
Sponsorship fees	36,706	36,522
Interest on bank balance	3,532	4,034
Total Revenue from Operating Activities	717,810	674,253

NOTES TO THE FINANCIAL STATEMENTS (CONT)

	2018 \$	2017 \$
3. TRADE AND OTHER RECEIVABLES		
Trade receivables	6,606	18,037
GST Receivable	15,518	15,479
Other receivables	6,044	2,625
Total receivables	28,168	36,141

Trade receivables from Operating Activities		
31-60 Days		3,121
61-90 Days		-
91 Days and over	6,606	14,916
Totals	6,606	18,037

4. TRADE AND OTHER PAYABLES

Trade payables	11,721	1,226
Accruals	98,889	93,269
	110,610	94,495

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)

	2018 \$	2017 \$
(b) Reconciliation of net surplus /(deficit) from operating activities		
Operating surplus / (deficit) from ordinary activities	171,861	34,087
Add Depreciation	2,019	1,621
<i>Changes in assets and liabilities:</i>		
<i>(Increase) / decrease in assets:</i>		
Receivables	11,431	(18,037)
Prepayments	(8,892)	5,667
Other Assets	(3,419)	(2,625)
GST and Other Receivables	(39)	1,250
<i>Increase/ (decrease) in liabilities:</i>		
Accounts payable	10,495	(103,177)
Accruals	5,260	89,993
 Net Cash provided by / (used in) Operating Activities	 189,076	 8,779

NOTES TO THE FINANCIAL STATEMENTS (CONT)

6. 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

	2018 \$	2017 \$
	3,000	3,000
	3,000	3,000

7. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies at balance sheet date.

8. 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.

9. 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 2017	\$760,283
Cash held by AAMRI – 30 June 2018	\$945,638

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

19 October 2018

Dear Sir/Madam

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 2018 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 Tony Cunningham AO
President



Professor Vlado Perkovic
Director

Independent Auditor's Report to the Members of the Association of Australian Medical Research Institutes Limited

Report on the Financial Report

Opinion

We have audited the financial report of Association of Australian Medical Research Institutes Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, 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.

Responsibilities of the Directors 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 Act 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 relating 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.

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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.
- 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'K Bodenham' in a cursive style.

Kylie Bodenham
Partner
Melbourne
19 October 2018