

Alzheimer's Australia Dementia Research Foundation - Victoria

ABN 51 158 180 477

Financial Report

For the Year Ended 30 June 2014

Alzheimer's Australia Dementia Research Foundation - Victoria

ABN 51 158 180 477

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Alzheimer's Australia Dementia Research Foundation - Victoria

ABN 51 158 180 477

Directors' Report

Alzheimer's Australia Dementia Research Foundation – Victoria ("the company") was registered on 4 May 2012. Your directors present this report on the company for the year ended 30 June 2014. The comparative financial period was from 4 May 2012 to 30 June 2013.

Directors

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

Associate Professor Michael Woodward
Mr Ian Knight
Mr David Galbally AM QC (resigned 10 October 2013)
Mr Graeme Samuel AC (appointed 10 October 2013)
Mr Neil Samuel
Dr Amy Brodtmann

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

Principal Activities

The principal activity of the company during the financial period was to support Dementia Research through the provision of Research Grants.

Short-term and Long-term Objectives

The company's short-term objectives are to:

- support Dementia Research through the development of a corpus of funds from which Research grants can be allocated.

The company's long-term objectives are to:

- continue to grow the investment pool and to utilise the interest earned on the funds to provide Research grants; and
- become a major contributor to the Dementia Research field through the expansion of fundraising activities to increase the pool of funds available.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- the company has determined that in any given year it will calculate the amount of Research grants to be offered in that year by using a figure of 5% of the investment funds available on the 1st of January of that year; and
- the company will maintain a minimum investable funds balance of approximately \$2m to ensure that funds are always available to offer annually as grants.

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Directors' Report

Information on Directors

Associate Professor Michael Woodward -
Experience

Chair
Appointed Chair in May 2012. Head of Aged Care research at Heidelberg Repatriation Hospital, Austin Health. Chief Medical Advisor Alzheimer's Australia Vic. Board member Alzheimer's Australia Vic.

Mr Ian Knight
Experience

Treasurer
Appointed Treasurer in May 2012. Managing Director of KIAD Partners Pty Ltd. Partner at KPMG 1995 to June 2012. Board member Alzheimer's Australia Vic.

Mr David Galbally AM QC
Experience

Director
Appointed in May 2012. Resigned 10 October 2013. Partner at Madgwicks Lawyers. Board member Alzheimer's Australia Vic until 26 June 2013.

Mr Graeme Samuel AC
Experience

Director
Appointed 10 October 2013. Professor in Business and Economics at Monash University. Member of the Council of the Australian National University and a member of CEDA's Council of Economic Policy. Chairman of the Victorian Taxi Services Commission.

Mr Neil Samuel
Experience

Director
Appointed in May 2012. Managing Director of Dryen Australia Pty Ltd. Board member and Vice-President Alzheimer's Australia Vic. Board member and Vice-President Alzheimer's Australia.

Dr Amy Brodtmann
Experience

Director
Appointed in June 2012. Consultant Neurologist and Clinic Director at Eastern Cognitive Disorders Clinic, Box Hill Hospital. Consultant Neurologist at Austin Health. Co-Director of the Behavioural Neuroscience Group, Florey Neuroscience Institutes.

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Directors' Report

Meetings of Directors

During the financial period, 3 meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
Associate Professor Michael Woodward	3	3
Mr Ian Knight	3	3
Mr David Galbally AM QC	0	0
Mr Neil Samuel	3	3
Dr Amy Brodtmann	3	1
Mr Graeme Samuel	3	2

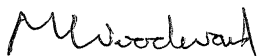
Members' Guarantee

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 \$100 towards meeting any outstanding obligations of the entity. At 30 June 2014, the total amount that the member of the company is liable to contribute if the company is wound up is \$100.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors



Associate Professor Michael Woodward
Chair

Signed in Hawthorn, this 24th day of September 2014

Alzheimer's Australia Dementia Research Foundation - Victoria

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Auditor's Independence Declaration under S 307C of the Corporations Act 2001 to the Directors of Alzheimer's Australia Dementia Research Foundation - Victoria

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



McLean Delmo Bentley's Audit Pty Ltd



Kevin P Adams
Director

Signed in Hawthorn this 24th day of September 2014

Alzheimer's Australia Dementia Research Foundation - Victoria

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	398,610	307,736
Expenses	3	(264,939)	(9,221)
Surplus for the period		133,671	298,515
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Transfer to/(from) financial asset revaluation reserve on sale of available-for-sale financial assets		(4,124)	3,857
Fair value losses on available-for-sale financial assets		-	(3,147)
Total other comprehensive income for the period		(4,124)	710
Total comprehensive income for the period		129,547	299,225

The accompanying notes form part of the financial statements

Alzheimer's Australia Dementia Research Foundation - Victoria

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Statement of Financial Position As at 30 June 2014

	Note	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	4	2,300,190	2,205,811
Trade and other receivables	5	76,290	966
Available-for-sale financial assets	6	-	39,906
Total Current Assets		<u>2,376,480</u>	<u>2,246,683</u>
Total Assets		<u>2,376,480</u>	<u>2,246,683</u>
Current Liabilities			
Trade and other payables	7	5,250	5,000
Total Current Liabilities		<u>5,250</u>	<u>5,000</u>
Total Liabilities		<u>5,250</u>	<u>5,000</u>
Net Assets		<u>2,371,230</u>	<u>2,241,683</u>
Equity			
Reserves	9	1,939,044	1,943,168
Retained surplus		<u>432,186</u>	<u>298,515</u>
Total Equity		<u>2,371,230</u>	<u>2,241,683</u>

The accompanying notes form part of the financial statements

Alzheimer's Australia Dementia Research Foundation - Victoria

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Statement of Changes in Equity For the Year Ended 30 June 2014

	Research Reserve \$	Financial Assets Reserve \$	Retained Surplus \$	Total \$
Balance at 4 May 2012	-	-	-	-
Initial contribution of assets	1,939,044	3,414	-	1,942,458
Surplus for the period	-	-	298,515	298,515
Other comprehensive income for the period	-	710	-	710
Balance at 30 June 2013	1,939,044	4,124	298,515	2,241,683
Surplus for the period	-	-	133,671	133,671
Other comprehensive income for the period	-	(4,124)	-	(4,124)
Balance at 30 June 2014	1,939,044	-	432,186	2,371,230

The accompanying notes form part of the financial statements

Alzheimer's Australia Dementia Research Foundation - Victoria

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Statement of Cash Flows For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from donations		239,480	35,387
Receipts from investments		523	5,602
Bequests		-	190,811
Payments to suppliers		(282,284)	-
Interest received		96,602	74,970
Net cash provided by (used in) operating activities	8	54,321	306,770
Cash Flows from Investing Activities			
Proceeds from sale of available-for-sale financial assets		40,058	501
Net cash provided by (used in) investing activities		40,058	501
Net increase in cash held		94,379	307,271
Cash and cash equivalents at the beginning of the financial period		2,205,811	1,898,540
Cash and cash equivalents at the end of the financial period	4	2,300,190	2,205,811

The accompanying notes form part of the financial statements

Alzheimer's Australia Dementia Research Foundation - Victoria

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Notes to the Financial Statements For the Year Ended 30 June 2014

The financial statements cover Alzheimer's Australia Dementia Research Foundation – Victoria as an individual entity, incorporated and domiciled in Australia. Alzheimer's Australia Dementia Research Foundation – Victoria is a company limited by guarantee.

Alzheimer's Australia Dementia Research Foundation – Victoria was registered on 4 May 2012. The financial statement comparatives cover the financial period from 4 May 2012 to 30 June 2013.

Note 1: Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment 1997.

(b) Revenue

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Donations and bequests are recognised as revenue when received.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Grant revenue is recognised in profit or loss when it is controlled. When there are conditions attached to grant revenue relating to the use of the those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

(c) Cash and Cash Equivalents

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

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Notes to the Financial Statements For the Year Ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (cont'd)

(d) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. When 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 at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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Notes to the Financial Statements For the Year Ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

(iv) Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being 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.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains or losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtor or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Alzheimer's Australia Dementia Research Foundation - Victoria

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Notes to the Financial Statements For the Year Ended 30 June 2014

Note 1: Summary of Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is 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.

(e) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

(f) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory applicable dates for future reporting periods and which the company has considered the effects and decided not to early adopt. Due to the nature of the company's activities, it does not expect them to significantly impact the company's financial statements.

Alzheimer's Australia Dementia Research Foundation - Victoria

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Notes to the Financial Statements For the Year Ended 30 June 2014

	2014 \$	2013 \$
Note 2: Revenue		
Bequests	-	190,811
Donations	297,209	35,437
Dividends and franking credits	523	6,104
Interest income	96,602	75,384
Profit on sale of available-for-sale financial assets	4,276	-
	<u>398,610</u>	<u>307,736</u>

Note 3: Expenses		
Audit fees	5,250	5,000
Loss on sale of available-for-sale financial assets	-	4,221
Printing and ASIC fees	2,189	-
Research grants	250,000	-
Administration fees	7,500	-
	<u>264,939</u>	<u>9,221</u>

Note 4: Cash and Cash Equivalents

Current

Cash at bank	2,300,190	-
Deposit at call	-	140,811
Short term deposit	-	2,065,000
Total cash and cash equivalents	<u>2,300,190</u>	<u>2,205,811</u>

Note 5: Trade and Other Receivables

Current

Trade receivables	-	966
GST receivable	25,750	-
Receivable from Alzheimer's Australia Vic	50,540	-
	<u>76,290</u>	<u>966</u>

Note 6: Available-for-sale Financial Assets

Current

Shares in ASX listed companies – at fair value	-	39,906
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Alzheimer's Australia Dementia Research Foundation - Victoria

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Notes to the Financial Statements For the Year Ended 30 June 2014

	2014 \$	2013 \$
Note 7: Trade and Other Payables		
Current		
Accrued expenses	5,250	5,000
	<u>5,250</u>	<u>5,000</u>

Note 8: Cash Flow Information

Reconciliation of cash flow from operations with surplus
for the period

Surplus for the period	133,671	298,515
(Profit)/loss on sale of available-for-sale financial assets	(4,276)	4,221
Changes in assets and liabilities:		
Decrease (increase) in trade and other receivables	(75,324)	(966)
Increase (decrease) in trade and other payables	250	5,000
Net cash provided by operating activities	<u>54,321</u>	<u>306,770</u>

Note 9: Reserves

Research reserve

The research reserve records the initial contribution of research funds from Alzheimer's Australia Vic.

Financial assets reserve

The financial assets reserve records revaluation of financial assets.

Note 10: Entity Details

The registered office and principal place of business of the company is:
Alzheimer's Australia Dementia Research Foundation – Victoria
98 Riversdale Road
Hawthorn VIC 3122

Alzheimer's Australia Dementia Research Foundation - Victoria

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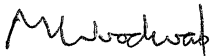
Directors' Declaration

In accordance with a resolution of the directors of Alzheimer's Australia Dementia Research Foundation – Victoria, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 14, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company 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.



Associate Professor Michael Woodward
Chair

Signed in Hawthorn, this 24th day of September 2014.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALZHEIMER'S AUSTRALIA DEMENTIA RESEARCH FOUNDATION – VICTORIA

We have audited the accompanying financial report, being a special purpose financial report of Alzheimer's Australia Dementia Research Foundation – Victoria, which comprises the statement of financial position as at 30 June 2014, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility 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 the accounting policies described in Note 1 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a fair and true view and is free from material misstatement, whether due to fraud or error.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 control relevant to the company's 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 entity's internal control. 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*.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALZHEIMER'S AUSTRALIA
DEMENTIA RESEARCH FOUNDATION – VICTORIA (CONT'D)**

Opinion

In our opinion, the financial report of Alzheimer's Australia Dementia Research Foundation – Victoria 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 2014 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.



McLean Delmo Bentleys Audit Pty Ltd



Kevin P Adams
Director

Signed in Hawthorn this *10th* day of October 2014