St Vincent's Institute of Medical Research

ABN 52 004 705 640

Annual Financial Report - 31 December 2022

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2022.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Michael Burn
Ms Melanie Eagle
Ms Karen Inge
Professor Thomas WH Kay
Professor Erwin Loh
Professor Michael McGuckin
Mr Simon Marton
The Honourable Chris Pearce
Mr Anthony Reeves
Ms Fiona Rowland
Emeritus Professor A. Ian Smith
Dr Marcus Tierney
Mr Michael Wachtel
The Honourable Kathy Williams

Objectives
St Vincent's Institute of Medical Research is the third oldest independent research institute in Melbourne. Since its inception, the company has played a leading role in one of Australia's most successful international endeavours — medical research. The company carries out biomedical research into common diseases of the community, including: type 1 diabetes, obesity and type 2 diabetes, cardiovascular disease, bone diseases including arthritis and osteoporosis, cancer and Alzheimer's disease.

The company's mission is to produce world class science: inspired by discovery, driven by purpose. The vision is to make medical discoveries that transform lives. The following strategic priorities have been set towards achieving this vision:

- Attracting, developing, and retaining talent
- Evolving our approach to funding
- Prioritising Aikenhead Centre for Medical Discovery and growing other collaborations, with a focus on clinical links.

Partnerships and collaborations are key to the company achieving the strategic priorities - promoting excellence, a financially sustainable organisation and a strong culture.

Principal activities
The principal activity of the company during the financial year was medical research.

Review of operations
The deficit for the company amounted to $2,493,842 (2021: surplus of $659,971).

Information on directors

Name:	**Mr Anthony Reeves**
Title:	Chairperson
Qualifications:	Master of Commerce, Bachelor of Economics, GAICD, FCPA.
Experience and expertise:	Board member since March 2017, former CFO of several Australian public companies, Treasury Wine Estates, Foster's Group Limited, OneSteel Limited. Chairman of the Board of Hewitt Cattle Australia Pty Ltd, Southern Premium Vineyards P/L, and Arcadian Natural & Organic Meat Co Pty Ltd. Director of Private Banking Services Ltd. Past president of the Group of 100.
Special responsibilities:	Chair of the Nominations, Remuneration & Culture Committee Member of the Audit & Risk Committee Member of the Aikenhead Centre for Medical Discovery Committee Member of the Investment Committee

Name:	**Mr Michael Burn**
Title:	Director
Qualifications:	BComm
Experience and expertise:	Board member since September 2019, Deputy Chairman of Flagstaff Partners, former Executive Director Macquarie Group, Member Board of Trustees Melbourne Convention and Exhibition Trust, Director of PFD Food Services Pty Ltd, former Director Prince Henry Institute of Medical Research.
Special responsibilities:	Chair of the Audit & Risk Committee Member of the Aikenhead Centre for Medical Discovery Committee

Name:	**Ms Melanie Eagle**
Title:	Director
Qualifications:	GAICD, LLB, BSW, BA
Experience and expertise:	Board member since June 2022, Chair of Disability Worker Registration Board of Victoria, Member of the Board of Alfred Health, Advisory Committee Member of the March4Justice, Trust Member of the Queen Victoria Women's Trust.
Special responsibilities:	Member of the Commercialisation Committee Member of the NRL Committee

Name:	**Ms Karen Inge**
Title:	Director
Qualifications:	BSc, Dip. Diet, APD, FSDA, FSMA
Experience and expertise:	Board member since July 2013, Accredited Practicing Dietician, Director of the Institute of Health and Fitness, Head of the Nutrition at the Victorian Institute of Sport, Director of Zi Inge Group, Director of Flinders Hotel, Past President of Sports Dietitians Australia.
Special responsibilities:	Chair of St Vincent's Institute Foundation

Name:	**Professor Thomas WH Kay**
Title:	Executive Director
Qualifications:	BMedSci, MBBS PhD Melb, FRACP, FRCPA
Experience and expertise:	Board member since April 2003, Executive Director of St Vincent's Institute of Medical Research.
Special responsibilities:	Member of the Audit & Risk Committee

Name:	**Professor Erwin Loh**
Title:	Director
Qualifications:	MBBS, LLB(Hons), MHSM, MBA, PhD, FRACMA
Experience and expertise:	Board member since June 2022, Group Chief Medical Officer, and Group General Manager of Clinical Governance at St Vincent's Hospital Australia.

Name:	**Mr Simon Marton**
Title:	Director
Qualifications:	MBA, BBus (Marketing)
Experience and expertise:	Board member since November 2019, CEO at Starward Distillery Pty Ltd, significant experience in senior executive roles.
Special responsibilities:	Member of the NRL Committee

Name:	**Professor Michael McGuckin**
Title:	Director
Qualifications:	Bsc PhD, GAICD
Experience and expertise:	Board member since May 2021, Deputy Dean Faculty of Medicine, Dentistry & Health Sciences at the University of Melbourne.

Name:	**The Honourable Chris Pearce**
Title:	Deputy Chairperson
Qualifications:	Adjunct Professor, BBus, MBA, JP, FAMI, FAICD, GCDiv, Grad Cert PosPsych
Experience and expertise:	Board member since September 2017, former Member of the Ministry in the Federal Government of Australia and held various senior executive roles, Director and Chair roles, current Non-Executive Board Director of McKinnon Institute for Political Leadership.
Special responsibilities:	Chair of the Aikenhead Centre for Medical Discovery Committee Member of the Nominations, Remuneration & Culture Committee

Name:	**Ms Fiona Rowland**
Title:	Director
Qualifications:	LLB (Hons), BA, GAICD
Experience and expertise:	Board member since 2017, former Executive Director of UBS Wealth Management, former CEO of Bennelong Wealth Partners, and the Bennelong Foundation. Chairperson of Macquarie Investment Services Limited. Current board member of Infrastructure Specialist Asset Management Limited and Chair of the Audit, Compliance and Risk Management Committee. Current board member of Melbourne Water Corporation and Chair of the Audit, Risk and Finance Committee. Independent consultant for Audit, Risk and Compliance Committee for Unisuper. Former board member of Commonwealth Private Limited.
Special responsibilities:	Chair of the Investment Committee Member of the NRL Committee

Name:	**Emeritus Professor A. Ian Smith**
Title:	Director
Qualifications:	HNC, BSc (Hons), PhD (Monash)
Experience and expertise:	Board member since January 2022. Professor Emeritus at Monash University, Chair and Board Member of Population Health Research Network, National Foundation for Medical Research and Innovation, Queensland Cyber Infrastructure Foundation, EMBL Australia Council, and Euro-Bioimaging Scientific Advisory Board. Board member of Coordinated Research Infrastructures and a Member of the Scientific and Ethics Advisory Board.
Special responsibilities:	Member of the Aikenhead Centre for Medical Discovery Committee Member of the Commercialisation Committee

Name:	**Dr Marcus Tierney**
Title:	Director
Qualifications:	PhD (Med) BSc (Hons)
Experience and expertise:	Board member since August 2015, CEO of CO2, Investment Director of Mitchell Asset Management, Member of the Commercialisation Advisory Board of Venso Labs, former Taxation Partner at PwC in Melbourne, previously a member of the board of the O'Brien Institute.
Special responsibilities:	Chair of the Commercialisation Committee

Name:	**Mr Michael Wachtel**
Title:	Director
Qualifications:	BCom LLB; LLM (LSE), FAICD, CTA
Experience and expertise:	Board member since November 2015, current Board member of the Future Fund, SEEK and PACT. Previously Chairman of EY (Asia Pacific) and past Board member of the EY Global Governance Council and ACMI (Australian Centre for the Moving Image). Past President of the International Fiscal Association (IFA Australia).
Special responsibilities:	Member of the Investment Committee (2023 onward)

Name:	**The Honourable Kathy Williams**
Title:	Director
Qualifications:	LLB (Hons) LLM, GAICD
Experience and expertise:	Board member since September 2018, previously Justice of the Supreme Court of Victoria, President of the Victorian Forensic Leave Panel, and Judge of the County Court of Victoria. Director of Launch Housing.
Special responsibilities:	Chair of the NRL Committee Member of the Aikenhead Centre for Medical Discovery Committee Member of the Nominations, Remuneration & Culture Committee

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2022, and the number of meetings attended by each director were:

	Full Board		Nominations, Rumuneration and Culture Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Burn, M	7	7	-	-	4	4
Eagle, M	3	4	-	-	-	-
Inge, K	7	7	-	-	-	-
Kay, TWH	7	7	-	-	4	4
Loh, E	4	4	-	-	-	-
Marton, S	6	7	-	-	-	-
McGuckin, M	5	7	-	-	-	-
Pearce, C	6	7	2	2	-	-
Reeves, T	7	7	2	2	3	4
Rowland, F	5	7	-	-	-	-
Smith, I	5	7	-	-	-	-
Tierney, M	7	7	-	-	-	-
Wachtel, M	7	7	-	-	-	-
Williams, K	6	7	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Contributions on winding up
In the event of the company being wound up, ordinary members are required to contribute a maximum of $100 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $100, based on 1 current ordinary member.

Auditor's independence declaration
A copy of the auditor's independence declaration as required by the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors

AJ Reeves
Director

TWH Kay
Director

27 March 2023

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF ST VINCENT'S INSTITUTE OF MEDICAL RESEARCH

As lead auditor of St Vincent's Institute of Medical Research for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Tim Fairclough

Tim Fairclough
Director

BDO Audit Pty Ltd

Melbourne, 27 March 2023

General information

The financial statements cover St Vincent's Institute of Medical Research as an individual entity. The financial statements are presented in Australian dollars, which is St Vincent's Institute of Medical Research's functional and presentation currency.

St Vincent's Institute of Medical Research is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

9 Princes Street
Fitzroy, VIC 3065

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 March 2023. The directors have the power to amend and reissue the financial statements.

St Vincent's Institute of Medical Research
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 $	2021 $
Revenue	3	14,211,474	15,122,517
Other income	4	18,880,989	17,964,459
Interest revenue calculated using the effective interest method		42,878	7,270
Total revenue		33,135,341	33,094,246
Expenses			
Consumables and general research expense		(8,931,336)	(7,810,800)
Employee benefits expense		(21,228,560)	(18,668,030)
Depreciation and amortisation expense	5	(1,299,987)	(1,221,977)
Transfers to collaborators		(1,302,214)	(2,094,714)
Administration		(2,823,266)	(2,590,782)
Finance costs	5	(43,820)	(47,972)
Total expenses		(35,629,183)	(32,434,275)
(Deficit)/Surplus for the year		(2,493,842)	659,971
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
(Loss)/Gain on the revaluation of equity instruments at fair value through other comprehensive income		(3,791,975)	1,841,105
Other comprehensive income for the year		(3,791,975)	1,841,105
Total comprehensive income for the year		(6,285,817)	2,501,076

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

St Vincent's Institute of Medical Research
Statement of financial position
As at 31 December 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	6	3,930,275	3,629,294
Trade and other receivables	7	4,156,072	2,059,326
Inventories	8	641,610	493,455
Other assets	9	479,705	281,795
		9,207,662	6,463,870
Non-current assets classified as held for sale	10	-	1,296,997
Total current assets		9,207,662	7,760,867
Non-current assets			
Trade and other receivables	7	125,000	125,000
Financial assets at fair value through other comprehensive income	11	26,622,115	29,992,648
Property, plant and equipment	12	3,534,555	3,486,009
Right-of-use assets	13	1,011,259	1,148,821
Total non-current assets		31,292,929	34,752,478
Total assets		40,500,591	42,513,345
Liabilities			
Current liabilities			
Trade and other payables	14	4,340,772	3,441,418
Contract liabilities	15	5,050,763	1,455,536
Lease liabilities	16	347,423	298,465
Provisions	17	4,034,855	3,971,120
Total current liabilities		13,773,813	9,166,539
Non-current liabilities			
Lease liabilities	16	721,188	893,037
Provisions	17	375,363	537,725
Total non-current liabilities		1,096,551	1,430,762
Total liabilities		14,870,364	10,597,301
Net assets		25,630,227	31,916,044
Equity			
Reserves	18	(1,214,307)	2,334,355
Retained surplus		26,844,534	29,581,689
Total equity		25,630,227	31,916,044

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

St Vincent's Institute of Medical Research
Statement of changes in equity
For the year ended 31 December 2022

	Reserves $	Retained surplus $	Total equity $
Balance at 1 January 2021	493,250	28,921,718	29,414,968
Surplus for the year	-	659,971	659,971
Other comprehensive income for the year	1,841,105	-	1,841,105
Total comprehensive income for the year	1,841,105	659,971	2,501,076
Balance at 31 December 2021	2,334,355	29,581,689	31,916,044

	Reserves $	Retained surplus $	Total equity $
Balance at 1 January 2022	2,334,355	29,581,689	31,916,044
Deficit for the year	-	(2,493,842)	(2,493,842)
Other comprehensive income for the year	(3,791,975)	-	(3,791,975)
Total comprehensive income for the year	(3,791,975)	(2,493,842)	(6,285,817)
Realised losses reclassified into retained surplus	243,313	(243,313)	-
Balance at 31 December 2022	(1,214,307)	26,844,534	25,630,227

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

St Vincent's Institute of Medical Research
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Grants received		15,709,955	16,406,061
Donations, legacies, and bequests		5,562,892	6,763,487
Contract services		11,798,711	9,316,778
Payments to suppliers and employees (inclusive of GST)		(33,887,768)	(32,258,387)
Dividends received		733,074	1,332,624
Interest received		42,878	7,270
Other revenue		786,312	251,427
Interest and other finance costs paid		(43,820)	(47,972)
Net cash from operating activities		702,234	1,771,288
Cash flows from investing activities			
Payments for property, plant and equipment	12	(1,013,547)	(1,848,342)
Payments for financial assets investments		(421,442)	(3,373,549)
Proceeds from disposal of property, plant and equipment		1,296,997	-
Net cash used in investing activities		(137,992)	(5,221,891)
Cash flows from financing activities			
Repayment of lease liabilities		(320,315)	(447,929)
Net cash used in financing activities		(320,315)	(447,929)
Net increase/(decrease) in cash and cash equivalents		243,927	(3,898,532)
Cash and cash equivalents at the beginning of the financial year		3,629,294	7,523,726
Effects of exchange rate changes on cash and cash equivalents		57,054	4,100
Cash and cash equivalents at the end of the financial year	6	3,930,275	3,629,294

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax
As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Note 1. Significant accounting policies (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Comparative figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Economic dependence
St Vincent’s Institute of Medical Research is dependent on State and Federal government funding for approximately 50% of its revenue used to operate the business. At the date of this report the board of directors has no reason to believe the governments will not continue to support St Vincent’s Institute of Medical Research.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision
As discussed in note 17, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Financial assets at fair value through Other Comprehensive Income
The company maintains a portfolio of securities with a carrying value of $26,622,115 at the end of the reporting period. The Investment Committee, in consultation with the company's external investment advisors, carefully monitor the value of the investments during the year. Reports are regularly given to the directors, who review the value at year-end to determine whether such investments will be considered impaired.

Note 3. Revenue

	2022 $	2021 $
Revenue from contracts with customers		
Government grants for direct research		
Commonwealth Government		
National Health and Medical Research Council	4,745,492	6,232,314
Australian Research Council	222,604	163,349
Medical Research Future Fund	1,413,248	455,095
Government grants for operational support		
Commonwealth Government		
National Health and Medical Research Council (Independent Research Institutes Infrastructure Support Scheme)	1,800,105	1,904,978
Victorian State Government		
Department of Jobs and Precincts (Operational Infrastructure Support Program)	1,720,167	1,240,014
Other research grants	4,309,858	5,126,767
Revenue	14,211,474	15,122,517

Accounting policy for revenue recognition
The company recognises revenue as follows:

Research Grants and other Funding Arrangements
The company's activities are supported by funding from research and other public funding grants.

All grants are recognised as a receivable when the company's contractual right to receive the grant is established. The corresponding entry depends on the nature of the grant and the rights and obligations established in the funding agreement as follows:
- Peer-reviewed funding grants and competitive funding grants: these grants represent funds that are available to be spent at the discretion of the researcher. The amount in income represents the amount that has been applied to research activities in accordance with the grant terms. The unspent amount of the grant is recorded as a financial liability.
- Infrastructure grants are recognised as income immediately.

Note 3. Revenue (continued)

Commercial Arrangements
The company's commercial arrangements comprise the provision of clinical research services to customers.

These arrangements are primarily service contracts that range in duration from few months to several years, and are contracted directly with investigators for investigator services and other reimbursable activities. These services are combined with other study services in the management of a clinical study and as such the company has assessed that it is acting as principal for the overall clinical trial obligation.

Clinical research services are accounted for as a contract with a customer when the company and its customers approve the contract, are committed to perform their respective obligations, each party can identify its rights regarding the goods or services to be transferred, commercial substance is present, and it is probable that the company will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Most contracts may be terminated upon 30 days' notice by the customer. However, in the event of termination, contracts require payment for services rendered through the date of termination, as well as for wind-down services rendered to close out the contract.

The company has concluded that revenue from clinical research services represents a single performance obligation which is satisfied over time on the basis that it does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

In certain instances a customer contract may include forms of variable consideration, such as milestone payments, which is assessed on a contract by contract basis. Variable consideration is recognised as revenue if and when it is deemed probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future. The company may receive payments from its customers in advance of performance, which are recognised as Contract Liabilities. Contract assets include unbilled amounts typically resulting from revenue recognised in excess of the amounts billed to the customer for which the right to payment is subject to factors other than the passage of time.

Note 4. Other income

	2022 $	2021 $
JobKeeper government grants	-	577,691
Legacies, bequests, donations	5,562,892	5,668,487
Dividends/share trading from other corporations	733,074	1,332,624
Contract services	11,798,711	9,316,778
Royalty and licensing income	365,944	347,902
Other income	420,368	720,977
Other income	18,880,989	17,964,459

Note 4. Other income (continued)

Accounting policy for other income
The *company* recognises other income as follows:

Donations and bequests
Donations and bequests are recognised as revenue when received.

Contract services
Contract services income is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

Note 5. Expenses

	2022 **$**	**2021** **$**
(Deficit)/Surplus includes the following specific expenses:		
Depreciation and impairment		
Buildings right-of-use	237,470	238,244
Office equipment right-of-use	97,516	46,856
Property, plant and equipment	965,001	936,877
Total depreciation and impairment	1,299,987	1,221,977
Finance costs		
Interest and finance charges paid/payable on lease liabilities	43,820	47,972
Superannuation expense		
Defined contribution superannuation expense	2,250,751	1,801,911

Note 6. Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash at bank	2,930,275	2,623,352
Cash on deposit	1,000,000	1,005,942
	3,930,275	3,629,294

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 7. Trade and other receivables

	2022 $	2021 $
Current assets		
Grant and reimbursements	4,224,136	2,078,034
Less: Allowance for expected credit losses	(68,064)	(18,708)
	4,156,072	2,059,326
Non-current assets		
St Vincent's Hospital - imprest advance	125,000	125,000
	4,281,072	2,184,326

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 8. Inventories

	2022 $	2021 $
Current assets		
Stock on hand - at cost	682,830	555,353
Less: Provision for impairment	(41,220)	(61,898)
	641,610	493,455

Stock on hand represents samples used for diagnostic testing of infectious diseases.

Accounting policy for inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 9. Other assets

	2022 $	2021 $
Current assets		
Prepayments	479,705	281,795

Note 10. Non-current assets classified as held for sale

	2022 $	2021 $
Current assets		
Assets held for sale	-	1,296,997

Note 11. Financial assets at fair value through other comprehensive income

	2022 $	2021 $
Non-current assets		
Financial assets		
Shares in listed & unlisted securities - fair value	26,622,115	29,992,648

These financial assets comprise investments in the ordinary issued capital of various entities. The listed ordinary shares have been valued based on their quoted market prices in active markets.

Note 12. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Leasehold improvements - at cost	12,728,996	12,569,214
Less: Accumulated depreciation	(12,142,412)	(12,066,111)
	586,584	503,103
Plant and equipment - at cost	18,541,173	17,687,406
Less: Accumulated depreciation	(15,593,202)	(14,704,500)
	2,947,971	2,982,906
Motor vehicles - at cost	57,409	57,409
Less: Accumulated depreciation	(57,409)	(57,409)
	-	-
	3,534,555	3,486,009

Note 12. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 January 2021	582,108	2,092,698	9,280	2,684,086
Additions	-	1,848,342	-	1,848,342
Disposals	(36,190)	(73,352)	-	(109,542)
Depreciation expense	(42,815)	(884,782)	(9,280)	(936,877)
Balance at 31 December 2021	503,103	2,982,906	-	3,486,009
Additions	159,781	853,766	-	1,013,547
Depreciation expense	(76,301)	(888,700)	-	(965,001)
Balance at 31 December 2022	586,583	2,947,972	-	3,534,555

Leasehold improvements
Existing building: In 2002 and 2003 the company extended and refurbished the existing building, which is leased by the company from the Mary Aikenhead Ministries Limited. The building lease arrangement provides the company with both a future economic benefit and control over that future economic benefit. The cost of the leasehold improvement has been capitalised and appears in the statement of financial position.

Bio-resources Centre: In 2005 the company paid $825,574 towards the building of an additional research facility on the St Vincent’s Hospital Melbourne campus. The hospital will manage the facility and the company’s investment gives long-term entitlement to access the facility. The entitlement provides the company with an economic benefit and control over that future economic benefit. The cost of the leasehold improvement has been capitalised and appears in the statement of financial position.

Micro-isolator facility: In 2013 the company signed a lease to occupy the 3rd floor of the O’Brien Institute, located on the St Vincent’s Hospital Melbourne campus. The entitlement provides the company with an economic benefit and control over that future economic benefit. The leasehold improvement, which was completed in December 2013 at a cost of $360,398, has been capitalised and appears in the statement of financial position. The facility commenced operations in 2014.

St. Vincent’s Chronic Diseases Bio-bank facility: In 2014 the company commenced construction of the Bio-bank, at a cost of $511,482, which has been capitalised. The Bio-bank is located on the leased premises of the National Serology Reference Laboratory - NSRL. The intention of the Facility is to prospectively collect, store and distribute appropriate samples for clinical and diagnostic research and collaboration in the areas of diabetes and its complications, immunology, and autoimmunity. This resource is a valuable tool for researchers to store their samples from clinics, surgery, and clinical trials to draw on for future research studies. The NSRL and Bio-bank building lease arrangement provides the company with both a future economic benefit and control over that future economic benefit. The cost of the leasehold improvement has been capitalised and appears in the statement of financial position. The facility commenced operations in 2015.

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) using the following depreciation rates:

Leasehold improvements	7%
Plant and equipment	20 - 33%
Motor vehicles	33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 12. Property, plant and equipment (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Right-of-use assets

	2022 $	2021 $
Non-current assets		
Land and buildings - right-of-use	1,424,826	1,424,826
Less: Accumulated depreciation	(712,413)	(474,943)
	712,413	949,883
Office equipment - right-of-use	440,021	242,597
Less: Accumulated depreciation	(141,175)	(43,659)
	298,846	198,938
	1,011,259	1,148,821

Additions to the right-of-use assets during the year were $197,424 (2021: nil).

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 14. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	4,340,772	3,441,418

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Contract liabilities

	2022 $	2021 $
Current liabilities		
Grants received in advance	5,050,763	1,455,536

Accounting policy for grants received in advance
Grants received in advance is the liability for unutilised or unearned grant income. Revenue will be recognised over time when specified performance obligations are met, usually within 12 months. Obligations that are not fulfilled may result in the repayment of income.

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Lease liability	347,423	298,465
Non-current liabilities		
Lease liability	721,188	893,037
	1,068,611	1,191,502
Future lease payments		
Future lease payments are due as follows:		
Within one year	376,450	338,951
One to five years	746,704	945,847
	1,123,154	1,284,798

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Provisions

	2022 $	2021 $
Current liabilities		
Annual leave	1,225,340	1,579,640
Long service leave	2,809,515	2,391,480
	4,034,855	3,971,120
Non-current liabilities		
Long service leave	375,363	537,725
	4,410,218	4,508,845

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 18. Reserves

	2022 $	2021 $
Financial assets at fair value through other comprehensive income reserve	(1,214,307)	2,334,355

Financial assets reserve
The financial assets reserve records revaluation of increments and decrements (that do not represent impairment write-downs) that refer to financial assets that are classified as fair value through OCI. Effective as of 1 January 2018 the financial assets reserve also includes the cumulative change in fair value of disposed financial assets that are classified as fair value through OCI. The loss in the market value of the shares for 2022 is $3,791,975 which is reflected in the financial accounts as a decrease in the financial asset reserve.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2022 $	2021 $
Aggregate compensation	947,818	857,171

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO (2021: William Buck), the auditor of the company:

	2022 $	2021 $
Audit services		
Audit of the financial statements	38,000	38,500
Other services		
Preparation of accounts	4,850	-
	42,850	38,500

Note 21. Contingent liabilities

The company had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Note 22. Commitments

	2022 $	2021 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Leasehold improvements	5,700,000	-

The company is a partner in the new state of the art Aikenhead Medical Centre for Discovery. The centre will open for operations in early 2025. As such the company has a financial commitment to contribute capital payments toward the capital cost in 2023 and upon opening the company will have annual operating cost commitments.

Note 23. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties
The following transactions occurred with related parties:

	2022 $	2021 $
Other income:		
Donations received from associate	247,295	274,200

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

AJ Reeves
Director

TWH Kay
Director

27 March 2023

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of St Vincent's Institute of Medical Research

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of St Vincent's Institute of Medical Research (the registered entity), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of St Vincent's Institute of Medical Research, is in accordance with Division 60 of 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 31 December 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of 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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other matter

The financial report of St Vincent's Institute of Medical Research, for the year ended 31 December 2021, was audited by another auditor who expressed an unmodified opinion on that report on 28 March 2022.

Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the St Vincent's Institute of Medical Research Director's Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The responsible entities of the registered entity are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Tim Fairclough

Tim Fairclough
Director

Melbourne, 27 March 2023