Statutory Financial Report.

St Vincent's Institute
Statutory Financial Report for the Year Ended 31 December 2010

Directors' Report

Your Directors present their report on the company for the financial year ended 31 December 2010.

1. Directors

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

Ms Susan M Alberti
Prof Thomas WH Kay
Mr John MacFarlane
Ms Patricia O'Rourke
Mr G John Pizzey
Ms Brenda M Shanahan
Mr Douglas A Wright (resigned 24/5/10)
Mr Paul Holyoake
Prof Jim McCluskey
Mr Michael McGinniss
Ms Ruth A O'Shannassy
Mr Gregory J Robinson

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

2. Principal Activities

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

3. Objectives

The objective is to reduce the burden of common diseases. SVI carries out biomedical research into common diseases of the community, including: diabetes (type 1 and type 2), obesity, cardiovascular disease, bone diseases including arthritis and osteoporosis, cancer and Alzheimer's disease. Our progress is ultimately measured by the impact of our discoveries on how diseases are treated. Past examples have included: Edman's protein sequenator; the discovery of parathyroid hormone-related protein and its role in the effects of cancer on the skeleton; and the purification of AMP dependent protein kinase, the body's fuel gauge.

The entity's short-term objectives are:

We aim to achieve demonstrable outcomes including:

- high quality and high impact publications describing new findings of our research.
- the application of our research to health.
- sufficient competitive grant funding to further support our work. We rely on competitive peer-reviewed grants from government and disease based charities for most of our income. Philanthropy is critical to our success especially to support young investigators and to purchase leading edge technology that has always been a feature of SVI. We are very grateful to the Federal and State governments for support of the indirect costs of research especially through the Operational Infrastructure Support (OIS) scheme of the Victorian government.

The entity's long-term objectives are:

- to improve the health and health care of the community through scientific excellence.
- to build a financially strong organization through good management of our resources and fund-raising.
- to have productive relationships with partners, especially those organizations involved in the Aikenhead Centre for Medical Discovery, that aims to integrate research, education and clinical practice on the St. Vincent's campus.
- to build a strong internal culture with an emphasis on research integrity and ethics as outlined in the Australian Code for the Responsible Conduct of Research.

To achieve these objectives, the entity has adopted the following strategies:

- quality growth and recruitment of new staff,
- improve internal and external communication,
- build clinical and commercial links,
- encourage greater internal and external collaboration,
- increase collaboration with our close affiliates St. Vincent's Health and The University of Melbourne and with other Australian and international groups.

Directors' Report

4. Information on Directors

Ms Brenda M Shanahan	Chairperson
Qualifications	BEc BCom
Experience	Member since May 1996, Chair since 2005, Director of several public companies.
Ms Ruth A O'Shannassy	Director
Qualifications	BCom
Experience	Member since April 2003, former stockbroker, London and Asia.
Special Responsibilities	Deputy Chairperson of board and Chair of the Audit & Finance committee.
Ms Susan M Alberti	Director
Qualifications	Hon LLD
Experience	Member since April 2003, Chair of St Vincent's Institute Foundation, President Juvenile Diabetes Research Foundation Australia.
Mr Paul Holyoake	Director
Qualifications	BEngMech(Hons) MEngSci
Experience	Member since May 2006, Executive Chairman Oakton Limited.
Special Responsibilities	Member of the Audit & Finance committee.
Prof Thomas WH Kay	Director
Qualifications	BMedSc MBBS PhD Melb FRACP FRCPA
Experience	Member since April 2003, Executive Director of St Vincent's Institute of Medical Research.
Special Responsibilities	Member of the Audit & Finance committee and Commercialisation committee.
Prof Jim McCluskey	Director
Qualifications	BMedSc MD MBBS FRACP FRCPA
Experience	Member since July 2008, Head of Department and Head Autoimmunity Laboratory, Department of Microbiology and Immunology, University of Melbourne.
Mr John (JT) MacFarlane	Director
Qualifications	MCom
Experience	Member since July 2008, Executive Chairman and Chief Country Officer, Deutsche Bank Group, Australia & New Zealand.
Mr Michael McGinniss	Director
Qualifications	BCom(Hons) MEc
Experience	Member since November 2005, retired former partner Pricewaterhouse Coopers.
Special Responsibilities	Member of the Audit & Finance committee and Commercialisation committee.
Ms Patricia O'Rourke	Director
Qualifications	Grad Dip App Sci (Nursing) GAICD
Experience	Member since July 2009, CEO St Vincent's Health Melbourne.
Mr G John Pizzey	Director
Qualifications	BE(Chem) Fell Dip (Management) FTSE FAICD FAIM
Experience	Member since April 2004, Director of several public companies.
Mr Gregory J Robinson	Director
Qualifications	BSc(Hons) MBA(Columbia)
Experience	Member since April 2004, Finance Director, Newcrest Mining Limited.
Special Responsibilities	Member of the Commercialisation committee.
Mr Douglas A Wright	Director
Qualifications	FAICD FPRIA
Experience	Member since May 2000, Chairman Wrights public relations.

Directors' Report

5. Meetings of directors

During the financial year, 15 meetings of directors (including committees) were held. Attendees were:

	Directors' Meetings		Committee Meetings			
			Commercialisation		Audit & Finance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alberti, SM	7	2	-	-	-	-
Holyoake, P	7	7	-	-	6	5
Kay, TWH	7	7	2	1	6	5
McCluskey, J	7	3	-	-	-	-
MacFarlane, JT	7	4	-	-	-	-
McGinniss, M	7	6	2	1	6	5
O'Rourke, P	7	6	-	-	-	-
O'Shannassy, RA	7	6	-	-	6	5
Pizzey, GJ	7	5	-	-	-	-
Robinson, GJ	7	6	2	1	-	-
Shanahan, BM	7	7	-	-	-	-
Wright, DA	3	2	-	-	-	-

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the entity. At 31 December 2010 the collective liability of the members was $300 (2009: $300).

Directors' Report

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2010 has been received and can be found on page 6 of the financial statements.

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

Brenda M. Shanahan

Director
BM Shanahan

Director
TWH Kay

Dated this 21st day of March 2010, Melbourne, Australia

William Buck

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors Of St Vincent's Institute Of Medical Research

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

WILLIAM BUCK AUDIT (VIC) PTY LTD
ABN 59 116 151 136

AP MARKS
Director

Dated: Melbourne 21st March 2011

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

Statement Of Comprehensive Income For The Year Ended 31 December 2010

	Note	2010 ($)	2009 ($)
Revenue	2	20,700,696	20,590,258
Other income	2	0	381,880
Total revenue		20,700,696	20,972,138
Consumables and general research expenses		(4,936,146)	(4,652,257)
Employee benefits expense		(11,169,874)	(10,406,321)
Depreciation and amortisation		(1,758,827)	(1,797,200)
Administration expenses		(1,463,933)	(1,250,484)
Transfers to collaborators		(269,356)	(786,454)
Other expenses		0	(208,136)
Total expenses		(19,598,136)	(19,100,852)
Surplus for the year		**1,102,560**	**1,871,286**
Other Comprehensive income			
Gains and losses remeasuring available-for-sale financial assets			
- Equity investments		(19,330)	81,283
Total Comprehensive Income		**1,083,230**	**1,952,569**

The accompanying notes form part of these financial statements.

Statement Of Financial Position
As At 31 December 2010

	Note	2010 ($)	2009 ($)
ASSETS			
Current Assets			
Cash and cash equivalents	6	14,556,068	13,669,181
Trade and other receivables	7	899,406	1,172,315
Other assets	9	241,110	36,673
Total Current Assets		**15,696,584**	**14,878,169**
Non-current Assets			
Trade and other receivables	7	250,000	250,000
Financial assets	8	2,614,110	1,978,492
Property, plant & equipment	10	8,631,915	8,994,599
Total Non-current Assets		**11,496,025**	**11,223,091**
Total Assets		**27,192,609**	**26,101,260**
Current Liabilities			
Trade and other payables	11	1,798,313	889,622
Short-term provisions	12	1,333,841	1,195,915
Funds held in trust for NSRL accrued leave	17	138,280	138,280
Other current liabilities	13	851,466	1,895,236
Total Current Liabilities		**4,121,900**	**4,119,053**
Non-current Liabilities			
Long-term provisions	12	145,478	120,876
Total Non-current Liabilities		**145,478**	**120,876**
Total Liabilities		**4,267,378**	**4,239,929**
NET ASSETS		**22,925,231**	**21,861,331**
EQUITY			
Retained surplus		22,863,278	21,780,048
Financial asset reserve	15	61,953	81,283
TOTAL EQUITY		**22,925,231**	**21,861,331**

The accompanying notes form part of these financial statements.

Statement Of Changes In Equity For Year Ended 31 December 2010

	Note	Retained Surplus $	Financial Asset Reserve $	Total $
Balance at beginning of Financial year 2009		**19,908,762**	**-**	**19,908,762**
Total other comprehensive income for the year		-	81,283	81,283
Surplus for the year		1,871,286	-	1,871,286
Balance at end of financial year 2009		**21,780,048**	**81,283**	**21,861,331**

	Note	Retained Surplus $	Financial Asset Reserve $	Total $
Balance at beginning of Financial year 2010		**21,780,048**	**81,283**	**21,861,331**
Total other comprehensive income for the year	3	-	(19,330)	(19,330)
Surplus for the year 2010		1,083,230	-	1,083,230
Balance at end of financial year 2010		**22,863,278**	**61,953**	**22,925,231**

The accompanying notes form part of these financial statements.

Statement Of Cash Flows For The Year Ended 31 December 2010

	Note	2010 Inflows (Outflows) $	2009 Inflows (Outflows) $
Cash flow from operating activities			
Grants received		15,179,138	16,670,411
Payments to suppliers and employees		(16,991,859)	(16,944,627)
Donations, legacies and bequests		2,836,922	2,288,996
Other revenue		1,096,773	1,084,453
Interest received		648,185	575,379
Dividends received		168,819	59,354
Net cash provided by operating activities		**2,937,978**	**3,733,966**
Cash flow from investing activities			
Purchase of plant and equipment		(1,357,229)	(1,231,741)
Purchase of motor vehicle		(38,914)	-
Leasehold improvements		-	-
Payments for investments		(654,948)	(45,868)
Net cash (used in) investing activities		**(2,051,091)**	**(1,277,609)**
Net increase/(decrease) in cash held		886,887	2,456,357
Cash at the beginning of the year		13,669,181	11,212,824
Cash at the end of the year	6	**14,556,068**	**13,669,181**

The accompanying notes form part of these financial statements.

Notes To The Financial Statements For The Year Ended 31 December 2010

Note 1: Summary of Significant Accounting Policies

The financial report is for St Vincent's Institute of Medical Research as an individual entity, incorporated and domiciled in Australia. St Vincent's Institute of Medical Research is a company limited by guarantee.

Basis of Preparation

St Vincent's Institute of Medical Research has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2009.

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards' reduced disclosure requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

Accounting Policies

(a) Revenue

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

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant, which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the balance sheet as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate 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.

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

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

(b) Property, Plant and Equipment

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

(i) Leasehold Improvements

Existing Building: In 2002 and 2003 the company extended and refurbished the existing building, which is leased by the company from the Sisters of Charity Healthcare Australia 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. There was no additional expenditure on leasehold improvements in 2010.

Notes To The Financial Statements For The Year Ended 31 December 2010

(ii) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. The company does not apply the recoverable amount valuation process. However prudent depreciation rates have been selected to overcome the difficulty in determining the recoverable amount. The company's plant, equipment and fixtures are generally fully depreciated well before the end of the assets useful life and leasehold improvement is depreciated in line with the duration of the lease.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation:

The depreciable amount of all fixed assets including leasehold improvements are depreciated on a straight line basis over the assets useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognized in the statement of comprehensive income. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	7%
Plant and equipment	20-33%
Motor vehicles	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

(c) Financial Instruments

Initial recognition and measurement

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

Notes To The Financial Statements For The Year Ended 31 December 2010

Classification and subsequent measurement

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

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;

(ii) less principal repayments;

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(iv) less any reduction for impairment.

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

(i) Financial assets at fair value through the income statement

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, or where they are 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 value 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.

(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.

Held-to-maturity investments are included in non-current assets, except for those, which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

(iv) Available-for-sale financial assets

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.

Available-for-sale assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. The company does not have any derivative instruments at 31 December 2010.

Notes To The Financial Statements For The Year Ended 31 December 2010

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

Impairment
At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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

(d) Impairment of Assets
At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Foreign Currency Transactions and Balances
Functional and presentation currency
The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(f) Employee benefits
Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the net present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

Notes To The Financial Statements For The Year Ended 31 December 2010

(g) Cash and cash equivalents

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

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(i) Income Tax

The company is granted exemption from income tax under Subdivision 50 of the Income Tax Assessment Act 1997 because of the charitable nature of the business.

(j) Comparative Figures

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

(k) National Serology Reference Laboratory

The company is the host company for the National Serology Reference Laboratory (NSRL). In this role the company provides contract administration services to the 33 employees. The NSRL financial reporting is separate from the company and reported on a 30 June financial year basis to the Commonwealth Government. The current host agreement expires on the 30 June 2011.

The financial report was authorised for issue on 21 March 2011 by the board of directors.

Notes To The Financial Statements For The Year Ended 31 December 2010

Note 2: Revenue and Other Income

	Note	2010 ($)	2009 ($)
Revenue			
Income from research activities:			
- government grants for direct research	4-5	7,501,259	8,377,437
- other research grants		5,153,253	5,441,126
- government grants for operational support	4-5	3,059,616	2,763,513
		15,714,128	**16,582,076**
Income from non-research activities:			
- legacies, bequests, donations		2,840,222	2,288,997
- dividends from other corporations		168,819	59,353
- interest from other corporations		787,646	575,379
- contract services		813,994	526,760
- royalty		28,401	35,103
- other		347,486	522,590
		4,986,568	**4,008,182**
Other income			
- unrealised gain on disposal of shares		0	381,880
Total other income/(loss)		**0**	**381,880**
Total revenue		**20,700,696**	**20,972,138**

Note 3: Surplus

	Note	2010 ($)	2009 ($)
(a) The following expenditure was incurred in determining the surplus:			
Expenses			
- direct research		14,010,467	13,123,555
- operational support		3,578,816	3,393,643
		17,589,283	16,517,198
Transfer of funds to external, joint collaborators		269,356	786,454
Depreciation of non-current assets		1,041,080	1,079,453
Amortisation of non-current assets		717,747	717,747
(b) Significant revenues and expenses:			
Unrealised (gain)/loss on market value of shares	15	19,330	(381,880)

Notes To The Financial Statements For The Year Ended 31 December 2010

	2010 ($)	2009 ($)
Note 4: Grants – Commonwealth Government		
National Health and Medical Research Council		
- Infrastructure support scheme	1,509,894	1,321,587
- Research grants	6,688,451	6,876,459
Australian Research Council	607,865	986,255
Department of Innovation, Industry, Science and Research	204,943	272,679
	9,011,153	**9,456,980**
Note 5: Grants – Victorian State Government		
Department of Innovation, Industry & Regional Development		
- Operational infrastructure Support	1,549,722	1,441,926
- Other Direct research grants	0	242,044
	1,549,722	**1,683,970**
Note 6: Cash and Cash Equivalents		
Cash at bank and on hand	2,056,068	1,669,181
Deposits at call	-	-
Term Deposits	12,500,000	12,000,000
	14,556,068	**13,669,181**
Note 7: Trade and Other Receivables		
Current		
Grants and reimbursements	899,406	1,172,315
Provision for impairment of receivables	-	-
	899,406	**1,172,315**
Non-current		
St. Vincent's Hospital Melbourne - imprest advance	**250,000**	**250,000**

Notes To The Financial Statements For The Year Ended 31 December 2010

	2010 ($)	2009 ($)
Financial assets classified as loans and receivables		
Trade and other receivables:		
- Total current	899,406	1,172,315
- Total non-current	250,000	250,000
Financial assets	**1,149,406**	**1,422,315**

Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that the individual trade receivable is impaired. There is no provision for impairment of receivables at 31 December 2010.

Note 8: Financial Assets

Non-current		
Available for sale financial instruments		
Shares in listed corporations – at fair value	**2,614,110**	**1,978,492**

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Note 9: Other Assets

Current		
Prepayments	**241,110**	**36,673**

Note 10: Property, Plant & Equipment

Plant & equipment		
Plant, equipment & fixtures at cost	10,081,509	8,724,280
Less accumulated depreciation	(7,067,847)	(6,061,013)
Total plant, equipment & fixtures	3,013,662	2,663,267
Property		
Leasehold improvements at cost	10,712,637	10,712,637
Less accumulated amortisation	(5,106,865)	(4,389,118)
Total leasehold improvements	5,605,772	6,323,519

Notes To The Financial Statements For The Year Ended 31 December 2010

	2010 ($)	2009 ($)
Motor vehicles		
Motor vehicles at cost	103,775	103,775
Less accumulated depreciation	(91,294)	(95,962)
Total motor vehicles	12,481	7,813
Total Property, Plant and Equipment	**8,631,915**	**8,994,599**
Movements in Carrying Amounts:		
Movement in the carrying amounts for each class of asset, between the beginning and end of the current financial year.		
Balance at the beginning of the year for plant, equipment & fixtures	2,663,267	2,476,733
Additions	1,357,229	1,231,741
Depreciation expense	(1,006,834)	(1,045,207)
Carrying amount at the year end	3,013,662	2,663,267
Balance at the beginning of the year for property leasehold improvements	6,323,519	7,041,265
Additions	-	-
Amortisation expense	(717,747)	(717,746)
Carrying amount at the year end	5,605,772	6,323,519
Balance at the beginning of the year for motor vehicles	7,813	42,059
Additions	38,914	-
Depreciation expense	(34,246)	(34,246)
Carrying amount at the year end	12,481	7,813
Total	**8,631,915**	**8,994,599**

Note 11: Trade and other payables

Current		
Unsecured liabilities:		
Trade payables	1,798,313	889,622
	1,798,313	889,622
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables:		
- total current	1,798,313	889,622
- total non current	-	-
Financial liabilities as trade and other payables	1,798,313	889,622

Notes To The Financial Statements For The Year Ended 31 December 2010

	2010 ($)	2009 ($)
Note 12: Provisions	Employee entitlements	
Opening balance at 1 January 2010	1,316,791	
Additional provisions raised during the year	517,513	
Amounts used	(354,985)	
Balance at 31 December 2010	**1,479,319**	
Analysis of total provisions		
Current	1,333,841	1,195,915
Non-current	145,478	120,876
	1,479,319	**1,316,791**

Provision for long–term employee entitlements:
A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(f) to this report.

Leave benefits:
The company's long service leave liability of $846,816 represents a gross liability of $912,367 offset by net present value reimbursement obligations of $65,551 from National Health and Medical Research Council (NHMRC), applicable up to 31 December 2001. This payment will be receivable upon payment of long service leave by the company on behalf of eligible employees. NHMRC reimburse long service leave payments on a pro-rata basis for the period of their grant support.

Note 13: Other current liabilities

Grants in advance	851,466	1,895,236

Note 14: Segment reporting

The company operates in the medical research sector where it undertakes basic and clinical research in Australia.

Note 15: Reserve

The financial asset reserve records revaluation of financial assets. The total depreciation in the market value of the shares for 2010 is $19,330, which is reflected in the financial accounts as a reduction in the financial asset reserve from $81,283 (in 2009) to $61,953 this financial year.

Note 16: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Ms B Shanahan, a Director, was a director of a company for part of the year, which provided investment advice and brokerage services.	26,499	24,030
Mr Paul Holyoake, a Director, was a director of a company that provided risk management audit services during the year.	8,400	-

Notes To The Financial Statements For The Year Ended 31 December 2010

Note 17: Funds held in trust

The $138,280 represents funds transferred to the company in December 1998 to cover the value of accumulated annual and long service leave for the National Serology Reference Laboratory (NSRL) staff, who transferred to the company under the company's agreement with the Commonwealth of Australia. If at anytime the contractual agreement with the Commonwealth of Australia ceases, the funds will be allocated to the payment of NSRL staff leave entitlements.

	2010 ($)	2009 ($)

Note 18: Auditor's Remuneration

	2010 ($)	2009 ($)
Remuneration of the auditor of the company for:		
- audit services	24,300	24,300
- other services	-	-
Total Audit remuneration	**24,300**	**24,300**

Note 19: Key Management Personnel Compensation

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2010 ($)	2009 ($)
Key management personnel compensation	535,531	544,955

Other key management personnel compensation transactions:
- for details of other transactions with key management personnel, refer to Note 16: Related party transactions.

Note 20: Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010 ($)	2009 ($)
Financial Assets			
Cash and cash equivalents	6	14,556,068	13,669,181
Loans and receivables	7	1,149,406	1,422,315
Available-for-sale financial assets:			
- at fair value			
- Shares in listed corporations	8	2,614,110	1,978,492
Total financial assets		**18,319,584**	**17,069,988**
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	1,798,313	889,622
Total financial liabilities		**1,798,313**	**889,622**

Notes To The Financial Statements
For The Year Ended 31 December 2010

NOTE 21: Retirement benefit obligations

The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation law but, as a result of amendments to clause 34 of Unisuper, a defined contribution plan under Accounting Standard AASB 119.

Financial Position

As at 30 June 2010 the assets of DBD in aggregate were estimated to be $1,217 million in deficiency of vested benefits. The vested benefits are benefits, which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBD.

As at 30 June 2010 the assets of the DBD in aggregate were estimated to be $312 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners, which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 12 June 2009 on the actuarial investigation of the DBD as at 31 December 2008. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.25%pa	8.5%pa
Net of tax investment return	6.75%pa	8.0%pa
Consumer Price Index	2.75%pa	2.75%pa
Inflationary salary increases long term	3.75%pa	3.75%pa

Assets have been included at their net market value, i.e. allowing for realisation costs.

The Defined Benefit Division as at 30 June 2010 is therefore in an "unsatisfactory financial position" as defined by SIS Regulation 9.04. An "unsatisfactory financial position for a defined benefit fund is defined as when ' the value of the assets of the fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2010, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the "best estimate" assumptions.

Note 22: Company Details

The registered office and principal place of business of the company is:
St. Vincent's Institute of Medical Research
9 Princes Street
Fitzroy, Vic 3065

Notes To The Financial Statements For The Year Ended 31 December 2010

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 22 are in accordance with the *Corporations Act 2001* and:

a) comply with Accounting Standards: and

b) give a true and fair view of the financial position as at 31 December 2010 and of the performance for the year ended on that date of the company:

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.

Brenda M. Shanahan	
Director	Director
BM Shanahan	TWH Kay

Dated this 21st day of March 2011, Melbourne, Australia

William Buck

Independent Audit Report to the Members of St Vincent's Institute of Medical Research

We have audited the accompanying financial report of St Vincent's Institute of Medical Research, which comprises the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that, compliance with the Australian Accounting Standards – Reduced Disclosure Requirements ensures that the financial report, comprising the financial statements and notes, complies with Australian Accounting Standards – Reduced Disclosure Requirements.

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 entity's preparation and fair presentation of the financial report 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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

Independent Audit Report to the Members of St Vincent's Institute of Medical Research

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 *Corporations Act* 2001. We confirm that the independence declaration required by the *Corporations Act 2001,* provided to the directors of St Vincent's Institute of Medical Research on 21 March 2011 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report of St Vincent's Institute of Medical Research is in accordance with the *Corporations Act* 2001, including:

a. giving a true and fair view of the company's financial position as at 31 December 2010 and of their performance for the year ended on that date; and

b. complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) as described in Note 1 and the Corporations Regulations 2001.

WILLIAM BUCK AUDIT (VIC) PTY LTD
ABN 59 116 151 136

AP MARKS
Director

Dated: at Melbourne (Victoria) this 21st day of March 2011.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

SVI
ST VINCENT'S INSTITUTE
MEDICAL RESEARCH

St Vincent's Institute
Postal: 41 Victoria Parade,
Fitzroy Victoria 3065
Location: 9 Princes Street,
Fitzroy Victoria 3065

Tel: 03 9288 2480
Fax: 03 9416 2676
Email: enquiries@svi.edu.au
Web: www.svi.edu.au
ABN: 52 004 705 640