



ABN 52 004 705 640

STATUTORY FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021



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Directors' Report

Your Directors present their report on the Institute for the financial year ended 31 December 2021.

Directors

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

Mr Michael Burn	Ms Karen Inge
Professor Thomas WH Kay	Professor Michael McGukin (appointed 18 May 2021)
Mr Stephen Marks	Mr Simon Marton
The Honourable Chris Pearce	Mr Anthony Reeves
Dr Megan Robertson	Ms Fiona Rowland
Dr Marcus Tierney	Mr Michael Wachtel
The Honourable Kathy Williams	

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

Information on Directors

Mr Anthony Reeves	Chairperson
Qualifications	Master of Commerce, Bachelor of Economics, GAICD, FCPA.
Experience	Board member since March 2017, former CFO of several Australian public companies, Treasury Wine Estates, Foster's Group Limited, OneSteel Limited. 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 ACMD Committee Member of the Investment Committee
Mr Michael Burn	Director
Qualifications	BComm
Experience	Board member since September 2019, Deputy Chairman of Flagstaff Partners, former Executive Director Macquarie Group, Member Board of Trustees Melbourne Convention and Exhibition Trust, Member of Board 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 ACMD Committee

Ms Karen Inge	Director
Qualifications	BSc, Dip. Diet, APD, FSDA, FSMA
Experience	Board member since July 2014, Accredited Practicing Dietician, Director of the Institute of Health and Fitness, Head of the Nutrition at the Victorian Institute of Sport, Past President of Sports Dietitians Australia.
Special Responsibilities	Chair of St Vincent's Institute Foundation
Professor Thomas WH Kay	Executive Director
Qualifications	BMedSc, MBBS PhD Melb, FRACP, FRCPA
Experience	Board member since April 2003, Executive Director of St Vincent's Institute of Medical Research
Mr Stephen Marks	Director
Qualifications	FCA, FAICD
Experience	Board member since November 2011, Board Chair Chisholm Institute
Special Responsibilities	Member of the Nominations, Remuneration & Culture Committee
Mr Simon Marton	Director
Qualifications	MBA, BBus (Marketing)
Experience	Board member since November 2019, CEO at Starward Distillery Pty Ltd, significant experience in senior executive roles.
Special Responsibilities	Member of the NSRL Committee Member of the SVI Foundation Board
Professor Michael McGuckin	Director
Qualifications	Bsc PhD, GAICD
Experience	Board member since May 2021, Deputy Dean Faculty of Medicine, Dentistry & Health Sciences at the University of Melbourne
The Honourable Chris Pearce	Deputy Chairperson
Qualifications	Adjunct Professor, BBus, MBA, JP, FAMI, FAICD
Experience	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 Managing Director of an Australian Executive Search and Recruitment organization
Special Responsibilities	Chair of the ACMD Committee Member of the Nominations, Remuneration & Culture Committee Member of the NSRL Committee

Dr Megan Robertson	Director
Qualifications	MBBS, FRACP, FANZCA, FFICANZCA, FJFICM, AFRACMA, FCICM,
Experience	Board member since July 2020, Director of Research at St Vincent's Hospital Melbourne, Group Chief Research Officer St Vincent's Hospital Australia.
Ms Fiona Rowland	Director
Qualifications	LLB (Hons), BA, GAICD
Experience	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 Commonwealth Private Limited, Infrastructure Specialist Asset Management Limited, Macquarie Life Limited and Melbourne Water Corporation.
Special Responsibilities	Chair of the Investment Committee Member of the Audit & Risk Committee Member of the NSRL Committee
Dr Marcus Tierney	Director
Qualifications	PhD(Med) BSc (Hons)
Experience	Board member since August 2015, Taxation Partner at PwC in Melbourne, previously a member of the board of the O'Brien Institute
Special Responsibilities	Chair of the Commercialisation Committee
Mr Michael Wachtel	Director
Qualifications	BComm LLB; LLM (LSE), FAICD.
Experience	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).
The Honourable Kathy Williams	Director
Qualifications	LLB (Hons) LLM, GAICD.
Experience	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 NSRL Committee, Member of the ACMD Committee

Indemnification and Insurance of Officers

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors' and Officers' liability insurance other than to confirm that a policy is in force.

Meetings of directors

During the financial year, 30 meetings of directors (including committees) were held. Attendees were:

	Board		Audit & Risk Committee		ACMD Committee		Commercialisation Committee		Investment Committee		Nominations, Remuneration & Culture Committee		NSRL Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Burn, M	6	6	4	4	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Inge, K	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kay, TWH	6	6	4	4	6	6	3	3	5	5	n/a	n/a	4	4
Marlon, S	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Marks, S	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	2	n/a	n/a
McGuckin, M	4	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pearce, C	6	4	n/a	n/a	6	6	n/a	n/a	n/a	n/a	2	2	4	0
Reeves, T	6	6	4	4	6	4	n/a	n/a	5	5	2	2	n/a	n/a
Robertson, M	6	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rowland, F	6	6	4	3	n/a	n/a	n/a	n/a	5	5	n/a	n/a	4	4
Tierney, M	6	6	n/a	n/a	n/a	n/a	3	3	n/a	n/a	n/a	n/a	n/a	n/a
Wachtel, M	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Williams, K	6	6	n/a	n/a	6	5	n/a	n/a	n/a	n/a	n/a	n/a	4	4

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 2021 the liability of the sole member, St Vincent's Health Australia, was \$100 (2020: \$100).

Principal Activities

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

Operating Results

The Institute recorded a surplus in the current year of \$2,501,076 (2020: surplus of \$832,895). Income tax is not applicable.

Dividends

The Institute is limited by guarantee, has no share capital and declares no dividends.

Objectives

St Vincent's Institute of Medical Research is the third oldest independent research institute in Melbourne. Since its inception, the Institute has played a leading role in one of Australia's most successful international endeavors – medical research. The Institute 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 Institute'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:

- Deliver impact through research excellence and its translation.
- Support and attract outstanding people.
- Enable scientific innovation through cutting-edge facilities and services.
- Grow organisational capacity and capability.

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

Significant Changes in State of Affairs

COVID-19 continued to impact the different divisions within the Institute in different ways. Research was impacted with delays in receiving supplies, islet transplants were suspended for a period, affecting the output of SVI's Islet Transplant Facility. SVI Foundation incomes were up on the prior year however activities were impacted with the cancellation of a number of events and this will have a flow on effect into the following year. For the NRL division, COVID-19 continued to cause delays to its product and program development. COVID-19 did also present opportunities for NRL to become involved in evaluations of COVID-19 serology test kits and to partner with other Institutes on the development of new diagnostic technologies. The Institute received the final Federal Government JobKeeper payment for 2020 in 2021, no further JobKeeper support was received in 2021. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

After Balance Date Events

During November 2021 the Institute sold a property, the settlement date was 8th February 2022. No other matters or circumstances have arisen between the end of the reporting period and the date of this report which significantly affected or may significantly affect the operations, the results or the affairs of the Institute.

Future Developments

The Institute remains committed to attracting the highest caliber of research and administrative personnel. These positions are contingent on the availability of funds, which are attracted through peer reviewed research grants and charitable donations to the Institute.

Auditor's Independence Declaration

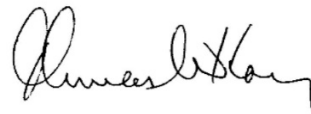
The lead auditor's independence declaration for the year ended 31 December 2021 has been received and can be found on page 8 of the financial statements.

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



Director

AJ Reeves



Director

TWH Kay

Dated this 28th March 2022, Melbourne, Australia

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE
MEMBERS 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 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- 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



C. L. Siddles
Director

Dated this 28th day of March 2022

ACCOUNTANTS & ADVISORS

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Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	<i>Note</i>	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Revenue	2	15,122,517	13,442,390
Other income	2	17,971,729	18,752,846
Total revenue		<u>33,094,246</u>	<u>32,195,236</u>
Consumables and general research expenses		(7,810,800)	(7,208,102)
Employee benefits expense		(18,668,030)	(17,887,142)
Depreciation and amortisation		(1,175,122)	(912,473)
Administration expenses		(2,685,609)	(2,053,192)
Transfers to collaborators		(2,094,714)	(1,813,313)
Total expenses	3	<u>(32,434,275)</u>	<u>(29,874,222)</u>
Surplus (Deficit) for the year		<u>659,971</u>	<u>2,321,014</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net (loss) gain on revaluation of financial assets	13	1,841,105	(1,488,119)
Total comprehensive income for the year		<u>2,501,076</u>	<u>832,895</u>
Total comprehensive income attributable to members of the entity		<u>2,501,076</u>	<u>832,895</u>

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 31 December 2021

	Note	2021 (\$)	2020 (\$)
Cash and cash equivalents	4	3,629,294	7,523,726
Trade and other receivables	5	2,059,326	2,882,268
Right of Use Asset	6	1,148,821	1,189,868
Other assets	7	<u>2,072,247</u>	<u>2,147,555</u>
Total current assets		8,909,688	13,743,417
Trade and other receivables	5	125,000	125,000
Financial assets	8	29,992,648	24,777,994
Property, plant & equipment	9	<u>3,486,009</u>	<u>2,684,086</u>
Total non-current assets		33,603,657	27,587,080
TOTAL ASSETS		<u>42,513,346</u>	<u>41,330,497</u>
Trade and other payables	10	4,896,954	6,447,479
Short-term provisions	12	3,971,120	4,014,981
Lease Liabilities	11	<u>298,465</u>	<u>224,334</u>
Total current liabilities		9,166,539	10,686,793
Long-term provisions	12	537,725	240,032
Lease Liabilities	11	<u>893,037</u>	<u>988,704</u>
Total non-current liabilities		1,430,763	1,228,736
TOTAL LIABILITIES		<u>10,597,302</u>	<u>11,915,529</u>
NET ASSETS		<u>31,916,044</u>	<u>29,414,968</u>
Retained surplus		29,581,689	28,921,718
Reserves	13	<u>2,334,355</u>	<u>493,250</u>
TOTAL EQUITY		<u>31,916,044</u>	<u>29,414,968</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2021

	Retained Surplus (\$)	Financial Asset Reserve (\$)	Total (\$)
Balance at 1 January 2020	26,600,704	1,981,369	28,582,073
Total comprehensive income for the year:			
Surplus attributed to members	2,321,014	-	2,321,014
Other comprehensive income for the year:			
Net loss on revaluation of assets	-	(1,488,119)	(1,488,119)
Balance at 31 December 2020	28,921,718	493,250	29,414,968
Total comprehensive income for the year:			
Surplus attributed to members	659,971	-	659,971
Other comprehensive income for the year:			
Net gain on revaluation of assets	-	1,841,105	1,841,105
Balance at 31 December 2021	29,581,689	2,334,355	31,916,044

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2021

	2021 Inflows (Outflows)	2020 Inflows (Outflows)
<u>Note</u>	<u>\$</u>	<u>\$</u>
Cash flow from operating activities:		
Grants received	16,406,061	16,021,681
Payments to suppliers and employees	(32,258,386)	(28,637,444)
Donations, legacies and bequests	6,763,487	6,131,616
Other revenue	9,568,205	8,327,359
Interest received	7,270	22,868
Dividends received	1,332,624	790,825
Net cash generated from operating activities	<u>1,819,262</u>	<u>2,656,905</u>
Cash flow from investing activities:		
Payments for property, plant and equipment	(1,848,342)	(624,247)
Proceeds from/(payments for) financial asset investments	(3,373,550)	2,699,874
Net cash used by investing activities	<u>(5,221,892)</u>	<u>2,075,627</u>
Cash flow from financing activities:		
Principal amount of Lease Payments	(495,903)	(239,791)
Net cash used by investing activities	<u>(495,903)</u>	<u>(239,791)</u>
Net increase (decrease) in cash	(3,898,532)	4,492,741
Effect of exchange rate differences on cash	4,100	(45,369)
Cash and cash equivalents at the beginning of the year	7,523,726	3,076,354
Cash and cash equivalents at the end of the year	4 <u>3,629,294</u>	<u>7,523,726</u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended 31 December 2021

The financial statements are for St Vincent's Institute of Medical Research ('Institute') as an individual entity, incorporated and domiciled in Australia. The Institute is a Company limited by guarantee.

Note 1: Summary of Significant Accounting Policies

New, revised or amending Accounting Standards and Interpretations adopted.

St Vincent's Institute of Medical Research has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Institute adopted AASB 1060 from 1 January 2021.

The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties and financial instruments.

New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended accounting standards and interpretations.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board, the Corporations Act 2001 and the Australian Charities and Not-For-Profits Commission Act 2012. The Institute is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the 28th March 2022 by the Directors of the Institute.

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Policies

(a) Revenue

Research Grants and other Funding Arrangements

The Institute's activities are supported by funding from research and other public funding grants.

All grants are recognised as a receivable when the Consolidated Entity'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.

Commercial Arrangements

The Institute's commercial arrangements comprise the provision of clinical research services to customers.

These arrangements are primarily service contracts that range in duration from a 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 Institute 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 Institute 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 Institute 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 Institute 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 Institute and the Institute 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.

Donations and Bequests

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest 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.

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 as indicated, less, where applicable, accumulated depreciation and impairment losses.

Note 1: Summary of Significant Accounting Policies (continued)

(i) Leasehold improvements

Existing Building: In 2002 and 2003 the Institute extended and refurbished the existing building, which is leased by the Institute from the Mary Aikenhead Ministries Limited. The building lease arrangement provides the Institute 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 Institute 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 Institute's investment gives long-term entitlement to access the facility. The entitlement provides the Institute 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 Institute 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 Institute 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 Institute 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 (refer Note 15). 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 Institute 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.

(ii) Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to the revalued asset.

The Institute 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 Institute'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.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

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 Institute 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 Institute 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 recognised in profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

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 profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Investments and other financial assets

(i) 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 consolidated entity 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.

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

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(iii) Financial assets at fair value through other comprehensive income

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

(iv) Impairment of financial assets

The Institute 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 consolidated entity's assessment at the end of each reporting period as to whether

Note 1: Summary of Significant Accounting Policies (continued)

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.

(d) Impairment of assets

At the end each reporting period, the entity 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 asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the assets carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(e) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the Institute is measured using the currency of the primary economic environment in which the Institute operates. The financial statements are presented in Australian dollars, which is the Institute'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 profit or loss.

(f) 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.

(g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Institute during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Note 1: Summary of Significant Accounting Policies (continued)

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Employee benefits

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the amounts expected to be paid when the liability is settled. If the benefit is not expected to be settled within twelve months it is accounted for as an other long-term liability.

In determining other long-term liabilities, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

(j) 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 Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Income tax

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

(l) Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a first-in, first-out principle.

(m) 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 Institute 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 Institute 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 1: Summary of Significant Accounting Policies (continued)

(n) 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 entity'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.

(o) Comparative figures

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

(p) Critical accounting estimates and judgments

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

(q) Key judgements

Financial Assets at Fair Value through Other Comprehensive Income

The Institute maintains a portfolio of securities with a carrying value of \$29,992,648 at the end of the reporting period. During the 2021 year the combined value of financial investment has increased by \$5,214,654, which included the increase in market value of the portfolio, additional contributions to the securities portfolio and dividend income which has been reinvested. There is no impairment of investments to be recognised for 2021. The Investment Committee, in consultation with the Institute'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.

(r) 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: Revenue and Other Income

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Income from research activities:		
Government grants for direct research		
<i>Commonwealth Government</i>		
National Health and Medical Research Council	6,232,314	7,470,288
Australian Research Council	163,349	124,562
Medical Research Future Fund	455,095	-
Government grants for operational support		
<i>Commonwealth Government</i>		
National Health and Medical Research Council (Independent Research Institutes Infrastructure Support Scheme)	1,904,978	1,355,804
<i>Victorian State Government</i>		
Department of Jobs and Precincts (Operational Infrastructure Support Program)	1,240,014	1,393,712
Other research grants	5,126,767	3,098,024
Total income from research activities	<u>15,122,517</u>	<u>13,442,390</u>
Other income:		
JobKeeper Government Grants	577,691	3,653,205
Legacies, bequests, donations	5,668,487	5,036,616
Dividends/share trading from other corporations	1,332,624	790,825
Interest from other corporations	7,270	22,868
Contract services	9,316,778	8,336,383
Royalty and licensing income	347,902	249,095
Other	720,977	663,856
Total other income	<u>17,971,729</u>	<u>18,752,846</u>
Total revenues	<u>33,094,246</u>	<u>32,195,236</u>

Note 3: Expenses

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Expenses:		
Direct research and contract service costs	22,064,228	17,563,293
Operational support	7,100,211	9,585,143
	<u>29,164,439</u>	<u>27,148,437</u>
Transfer of funds to external, joint collaborators	2,094,714	1,813,313
Depreciation and amortisation of non-current assets	1,175,122	912,473
Total expenses	<u>32,434,275</u>	<u>29,874,222</u>

Note 4: Cash and Cash Equivalents

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Cash at bank and on hand	2,623,352	4,713,972
Term deposits	1,005,942	2,809,754
Total cash and cash equivalents	<u>3,629,294</u>	<u>7,523,726</u>

Note 5: Trade and Other Receivables

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Current		
Grants and reimbursements	2,078,034	2,894,271
Provision for impairment of receivables	(18,708)	(12,003)
	<u>2,059,326</u>	<u>2,882,268</u>
Non-current		
St. Vincent's Hospital - imprest advance	125,000	125,000
	<u>125,000</u>	<u>125,000</u>

Provision for Impairment of Receivables

Current trade receivables are generally on 30 days term. 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. The provision for impairment of receivables at 31 December 2021 was (\$18,708).

Note 6: Right of Use Assets

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Current		
Property Lease	949,883	1,187,355
Computer Equipment	198,938	2,513
Total Right of Use Assets	<u>1,148,821</u>	<u>1,187,355</u>

Note 7: Other Assets

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Current		
Prepayments	281,795	660,116
Stock on hand	493,455	392,439
Asset held for sale	1,296,997	1,095,000
Total other assets	<u>2,072,247</u>	<u>2,147,555</u>

Other Assets included inventory on hand representing samples used for diagnostic testing of infectious diseases and the Asset held for sale at the sale contract value.

Note 8: Financial Assets

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Non-current		
Financial assets at fair value through OCI		
Shares in listed & unlisted securities - at fair value	29,992,648	24,777,994
Total financial assets	<u>29,992,648</u>	<u>24,777,994</u>

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 9: Property, Plant & Equipment

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Plant & equipment:		
Plant, equipment and fixtures at cost	17,687,406	21,231,508
Less accumulated depreciation	<u>(14,704,500)</u>	<u>(19,138,811)</u>
Total plant, equipment and fixtures	2,982,906	2,092,698
Property:		
Leasehold improvements at cost	12,569,214	11,975,464
Less accumulated amortisation	<u>(12,066,111)</u>	<u>(11,393,355)</u>
Total leasehold improvements	503,103	582,108
Motor vehicles:		
Motor vehicles at cost	57,409	57,409
Less accumulated depreciation	<u>(57,409)</u>	<u>(48,129)</u>
Total motor vehicles	-	9,280
Total property, plant & equipment	<u>3,486,009</u>	<u>2,684,086</u>
Movements in Carrying Amounts:		
Plant & equipment:		
Balance at beginning of the year	2,092,698	2,341,940
Reclassified Assets - Cost	(593,750)	-
Reclassified Assets - Accumulated depreciation	593,750	-
Additions - purchases	1,848,342	624,247
Disposals	(73,352)	-
Depreciation expense	<u>(884,782)</u>	<u>(873,489)</u>
Carrying amount at end of the year	2,982,906	2,092,698
Property:		
Balance at beginning of the year	582,108	633,003
Reclassified Assets - Cost	593,750	-
Reclassified Assets - Accumulated depreciation	(593,750)	-
Disposals	(36,189)	-
Depreciation expense	<u>(42,817)</u>	<u>(50,895)</u>
Carrying amount at end of the year	503,102	582,108
Motor vehicles:		
Balance at beginning of the year	9,280	28,469
Additions	-	-
Depreciation expense	<u>(9,280)</u>	<u>(19,189)</u>
Carrying amount at end of the year	-	9,280
Total property, plant & equipment	<u>3,486,009</u>	<u>2,684,086</u>

Note 10: Trade and Other Payables

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Current		
Unsecured liabilities:		
Trade payables	3,441,418	4,617,598
Other Liability	1,455,536	1,829,880
Total trade and other payables	<u>4,896,954</u>	<u>6,447,479</u>

Note 11: Leases

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Leases:		
Lease Liability - current	298,465	224,334
Lease Liability - non-current	893,037	988,704
Total Lease Liability	<u>1,191,502</u>	<u>1,213,038</u>
	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Future Lease Payments:		
Within one year	338,951	268,751
One to five years	945,847	1,071,459
Total Future Lease Payments	<u>1,284,798</u>	<u>1,340,210</u>

Note 12: Employee Benefits

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Provision for employee entitlements:		
Opening balance of Long Service Leave	2,864,896	2,822,029
Additional provisions raised during the year	249,065	137,625
Amounts used	(184,756)	(94,758)
Balance of Long Service Leave Entitlements	<u>2,929,205</u>	<u>2,864,896</u>
Employee benefits (annual leave entitlements)	1,579,640	1,390,117
Total Provision for Employee Entitlements	<u>4,508,845</u>	<u>4,255,013</u>
Analysis of total provisions:		
Current	3,971,120	4,014,981
Non-current	537,725	240,032
Total provision for employee entitlements	<u>4,508,845</u>	<u>4,255,013</u>

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(i) to this report.

Note 13: Reserve

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 total gain on sale and gain in the market value of the shares for 2021 is \$1,841,105, which is reflected in the financial accounts as an increase in the financial asset reserve.

Note 14: Contingent Liabilities and Contingent assets

There are no contingent assets or liabilities to be disclosed in the financial report.

Note 15: Remuneration of Auditors

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Audit Services - William Buck		
Audit of the financial statements	38,500	38,500
Audit of the Financial Statements	<u>38,500</u>	<u>38,500</u>

Note 16: Related Party Transactions

Related party transactions during 2021 and 2020 were as follows:

- Certain members of the Institute's board made donations to the Institute totaling \$274,200 in 2021.
- An employee of the Institute worked as the personal assistant to the Executive Director, Professor Tom Kay and worked for a limited period on a contract basis for Professor Tom Kay's wife.

Note 17: Key Management Personnel Compensation

The total remuneration paid to key management personnel of the Institute during the year are as follows:

	<u>2021 (\$)</u>	<u>2020 (\$)</u>
Key Management Personnel Compensation		
Key management personnel compensation	633,333	633,333
	<u>633,333</u>	<u>633,333</u>

Note 18: Segment Reporting

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

Note 19: Events after the reporting period

During November 2021 the Institute sold a property, the settlement date was 8th February 2022. No other matters or circumstances have arisen between the end of the reporting period and the date of this report which significantly affected or may significantly affect the operations, the results or the affairs of the Institute.

Note 20: Institute Details

The registered office and principal place of business of the Institute is:

St. Vincent's Institute of Medical Research
9 Princes Street
Fitzroy, Vic 3065

Directors' Declaration

The directors of the Institute declare that:

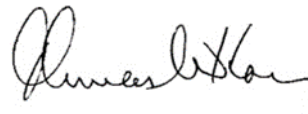
1. The financial statements and notes, as set out on pages 9 to 24 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:
 - a) comply with Australian Accounting Standards – Simplified Disclosure Requirements; and
 - b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Institute.
2. In the directors' opinion there are reasonable grounds to believe that the Institute 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.



Director

AJ Reeves



Director

TWH Kay

Dated this 28th March 2022, Melbourne, Australia

St Vincent's Institute Medical Research

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of St Vincent's Institute (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and 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 financial report of St Vincent's Institute has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2021
- b) and of its financial performance for the year then ended; and
- c) 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 St Vincent's Institute Medical Research 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 (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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2021, but does not include the financial report and the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

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

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



C. L. Siddles

Director

Dated this 28th day of March 2022