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**NEUROSCIENCE RESEARCH AUSTRALIA  
(A COMPANY LIMITED BY GUARANTEE)**

**ABN 94 050 110 346**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**NEUROSCIENCE RESEARCH AUSTRALIA**  
**ABN 35 050 110 346**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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This annual report is the consolidated report for Neuroscience Research Australia ("the Company"), its registered office and principal place of business is:

Neuroscience Research Australia  
Margarete Ainsworth Building  
139 Barker Street  
Randwick, NSW 2031

The principal activities of the entity during the financial period were the conduct of medical research in the neurosciences, development of medical research facilities and fundraising to support these activities.

**NEUROSCIENCE RESEARCH AUSTRALIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report together with the consolidated financial statements of the Group comprising Neuroscience Research Australia ("the Company"), and its subsidiaries, for the year ended 31 December 2017 and the auditor's report thereon.

**DIRECTORS**

The names and details of directors of the Company in office at any time during or since the end of the financial period are:

***John Grill - Independent Director & Chairman***

John Grill was appointed Director in July 2010 and appointed Chairman in May 2016. He is Chairman of WorleyParsons Limited.

***Peter Schofield – Executive Director***

Peter Schofield was appointed Executive Director in July 2004. He is Chief Executive Officer of Neuroscience Research Australia. He resigned as a Director in February 2018 but continues as Chief Executive Officer.

***Barry Shepherd – Independent Director***

Barry Shepherd was appointed Director in July 2005. He is a consultant and a former Director of Corporate Services, South Eastern Sydney and Illawarra Health Services. He resigned as a Director in February 2018.

***Richard Matthews - Nominee of South Eastern Sydney Local Health District***

Richard Matthews was appointed Director in November 2011. He is a consultant and was the former Deputy Director General Strategic Development for NSW Health.

***Jennifer Alexander – Nominee of University of New South Wales***

Jennifer Alexander was appointed Director in January 2013. She is Pro Chancellor of The University of New South Wales and a member of the UNSW Council and former Chief Executive Officer of the Royal Australasian College of Physicians.

***Clyde McConaghy - Independent Director***

Clyde McConaghy was appointed Director in August 2013. He is a company director on a number of public listed and private companies. He resigned as a Director in February 2018.

***Anna Katzmann - Independent Director***

Anna Katzmann was appointed Director in September 2013. She is a Judge of the Federal Court of Australia. She resigned as a Director in February 2018.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

***Nikki Williams – Independent Director***

Nikki Williams was appointed Director in May 2014. She is a consultant and company director. She was the former Chief Executive of the Australian Coal Association. She resigned as a Director in February 2018.

***Rodney Phillips – Nominee of University of New South Wales***

Rodney Phillips was appointed Director in August 2015. Rodney was granted a leave of absence in May 2017 for the remainder of the year due to a health issue. He is Dean of Medicine at the University of New South Wales.

***Norbert Schweizer – Independent Director***

Norbert Schweizer was appointed Director in November 2015. He is the founding partner of Schweizer Kobras, Lawyers and Notaries and is an accredited business law specialist. He resigned as a Director in February 2018.

***Alice Kase – Independent Director***

Alice Kase was appointed Director in May 2016. She is a partner at PricewaterhouseCoopers. She resigned as a Director in February 2018.

***Michael Still - Nominee of South Eastern Sydney Local Health District***

Michael Still was appointed Director in November 2016. He is Chairman of the South East Sydney Local Health District.

***Lisa Pettigrew - Nominee of Minister for Medical Research***

Lisa Pettigrew was appointed Director in November 2011. She is Director of Health Services at CSC. Lisa was granted a leave of absence in February 2016 for the remainder of the year due to work commitments in the US and resigned as a Director of the Company in January 2017.

***Emma Johnston – Nominee of University of New South Wales***

Emma Johnston was appointed Director in February 2018. She is Dean of Science at the University of New South Wales.

***Dr Julian Adler – Independent Director***

Julian Adler was appointed Director in February 2018 and is Radiologist and CEO of Castlereagh Imaging.

***Mr Peter Joseph AM – Independent Director***

Peter Joseph was appointed Director in February 2018 and is Chairman of the Black Dog Institute.

***Mr Bob Mansfield AO – Independent Director***

Bob Mansfield was appointed Director in February 2018. He holds a number of non-executive director positions and was the former Chairman of Telstra.

***Dr Mark Nelson – Independent Director***

Mark Nelson was appointed Director in February 2018 and is Executive Chairman of Caledonia (Private) Investments Pty Limited.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**DIRECTORS' MEETINGS**

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial period are:

DIRECTOR	BOARD MEETINGS		FINANCE, RISK, AUDIT, COMPLIANCE COMMITTEE MEETINGS		INVESTMENT COMMITTEE MEETINGS		BUILDING COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS		SCHIZOPHRENIA RESEARCH COUNCIL	
	A	B	A	B	A	B	A	B	A	B	A	B
J Grill	6	6	-	-	-	-	-	-	3	3	-	-
P Schofield	6	6	7	6	6	6	2	2	3	3	6	6
B Shepherd	6	4	7	7	-	-	2	2	-	-	-	-
R Matthews	6	5	-	-	-	-	2	2	-	-	-	-
J Alexander	6	5	7	7	-	-	-	-	-	-	-	-
C McConaghy	6	5	-	-	6	6	-	-	-	-	-	-
A Katzmann	6	4	-	-	-	-	-	-	-	-	-	-
N Williams	6	5	-	-	-	-	-	-	3	2	-	-
R Phillips	2	2	-	-	-	-	-	-	-	-	-	-
N Schweizer	6	6	-	-	-	-	-	-	3	3	6	6
A Kase	6	6	-	-	-	-	-	-	-	-	-	-
M Still	6	5	-	-	-	-	-	-	-	-	-	-
L Pettigrew	-	-	-	-	-	-	-	-	-	-	-	-

**A** - Number of meetings held during the time the director held office during the period

**B** - Number of meetings attended

**COMPANY SECRETARY**

Andrew Dermott was appointed Company Secretary in October 2000. He previously held the role of Chief Accountant with a wool trading company for nine years.

**FINANCE, RISK, AUDIT AND COMPLIANCE (FRAC) COMMITTEE**

The FRAC Committee will oversee all financial, risk and compliance aspects of NeuRA. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the FRAC committee during the period were: J Alexander (Chairman), B Shepherd, S Blackman, C Barton (invited voting member), P Schofield (ex officio voting member), A Dermott (ex officio non-voting member), N Ware (ex officio non voting member, to February 2017) and K Johnston (ex officio non-voting member, from March 2017).

The committee met seven times during the twelve months and committee members' attendance records are disclosed in the table of directors' meetings above.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**INVESTMENT COMMITTEE**

The Investment Committee will oversee and make investment recommendations to the Boards of Directors to support NeuRAs research and associated infrastructure. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the Investment Committee during the period were: C McConaghy (Chairman), C Cameron, P Schofield (ex officio voting member) and A Dermott (ex officio non-voting member).

The committee met six times during the twelve months and committee members' attendance records are disclosed in the table of directors' meetings.

**BUILDING COMMITTEE**

The Building Committee will oversee building projects and make recommendations to the Board to ensure NeuRA is a world-class research facility. The members of the Building Committee during the period were: B Shepherd (Chairman), R Matthews, J Freeman (external voting member), P Schofield (ex officio voting member), M O'Hara (non voting attendee) and N Ware (non voting attendee, to February 2017).

The Committee met twice during the twelve months and committee members' attendance records are disclosed in the table of directors' meetings.

**NOMINATION COMMITTEE**

The nomination committee will review the balance of skills, experience and diversity of the Boards and Committees to ensure the Directors and members are of the highest value to the company. It is also responsible for the Chief Executive Officer's and Deputy Director's remuneration. Each year the Chief Executive Officer presents a report to the Chairman outlining a statement of objectives for the next 12 months and achievements for the previous 12 months. After considering this report the committee (excluding the Chief Executive Officer) reviews the Chief Executive Officer's remuneration and decides if it is appropriate to award part or all of the short term bonus component. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the Nomination Committee during the period were: J Grill (Chairman), N Williams, N Schweizer and P Schofield.

The Committee met three times during the year and committee members' attendance records are disclosed in the table of directors' meetings.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**SCHIZOPHRENIA RESEARCH COUNCIL**

The Schizophrenia Research Council will advocate for research into understanding the causes, treatment and eventual cure of schizophrenia at NeuRA and more broadly in Australia; Raise awareness about, and profile schizophrenia research through meetings and activities that promote and support schizophrenia research, and facilitate scientific research collaboration, especially within NSW; advise NeuRA and the broader community on schizophrenia research priorities through obtaining input from carers, consumers, educators, clinicians and scientists; advise NeuRA on the priorities for the establishment of a Schizophrenia Tertiary Referral Service and other translational activities that will enhance the treatment options for those living with schizophrenia, and; advise the NeuRA Foundation on fundraising and communications opportunities for raising the profile and understanding of schizophrenia in the community and support for schizophrenia research.

The members of the Schizophrenia Research Council during the period were: A Harris (Chairman), M O'Donnell, C Shannon-Weickert, P Schofield, N Schweizer, E Urban and R Ramjan AM.

The Council met six times during the twelve months and committee members' attendance records are disclosed in the table of directors' meetings.

**CLINICAL GOVERNANCE COMMITTEE**

The Clinical Governance Committee will oversee all clinical services provision and make recommendations to the Board to ensure NeuRA is meeting all relevant standards for clinical care.

The Committee was formed however did not convene during the twelve months.

**NON-EXECUTIVE DIRECTORS**

Non-executive directors were not paid any compensation during the period.

**PRINCIPAL ACTIVITY**

The principal activities of the Group during the course of the financial period were the conduct of medical research, the development of medical research facilities and fundraising activities. Included within the Group are Neuroscience Research Australia and Neuroscience Research Australia Foundation. Accordingly, consolidated financial statements have been prepared. In 2015 the Schizophrenia Research Institute merged with Neuroscience Research Australia and the activities of that company are now included in the Group.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**PERFORMANCE**

The surplus of the Group for the year ended 31 December 2017 was \$6,679,162 (2016: surplus of \$5,269,896). The result for the Group was considered satisfactory.

During the period the Group received research grants from the National Health and Medical Research Council and various other grant giving bodies to fund research programmes and grants from the State Government in respect of research infrastructure. The Company also received donations and conducted fundraising activities, the proceeds of which were used to fund current and future medical research activities.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The Mindgardens Alliance Establishment Agreement was signed on 22 December 2017 and was passed by board resolution on 8 February 2018. As a consequence seven directors resigned and were replaced by six new directors. The aim of the Alliance is to build a world class, internationally recognised, research collaboration, based on the complementary skills and capacity of the Alliance members, UNSW Sydney, South Eastern Sydney Local Health District, Black Dog Institute and Neuroscience Research Australia. In the opinion of the directors, there were no other significant changes in the state of affairs of the entity that occurred during the period under review that are not otherwise disclosed in this report. NeuRA's enterprise is now managed by the NeuRA Advisory Council as a Committee of the Company.

**LIKELY DEVELOPMENTS AND EXPECTED OPERATING RESULTS**

The entity will continue to pursue the principal activities of the Group during the course of the financial period being the conduct of medical research, the development of medical research facilities and fundraising activities.

**INSURANCE OF OFFICERS**

During the financial year, insurance for directors, the secretary and certain officers of the entity was provided by Chubb Insurance. During or since the financial year, the entity has not indemnified or made a relevant agreement to indemnify an officer or auditor of the entity or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the entity has not paid, or agreed to pay a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

**ENVIRONMENTAL REGULATION**

The entity's operations includes research on genetically modified laboratory animals and as such complies with the Office of Gene Technology Regulator (OGTR) which is a part the Commonwealth government.

**NEUROSCIENCE RESEARCH AUSTRALIA  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**OBJECTIVES AND STRATEGY**

The Group's principal activities were the conduct of medical research in the neurosciences, development of medical research facilities and fundraising to support these activities.

Our vision is to prevent and cure disease and disability of the brain and nervous system through leadership, excellence and innovation in neuroscience research. The mission is implemented through a Strategic Plan (2017-2021) which comprises a series of 7 specific objectives in the following areas: Research, People & Culture, Building & Systems, Collaboration, Funding, Governance and Profile & Partnership.

Annual measures of success include attracting research group leaders and identifying priority areas of research for expanded activity and enhancement of existing research, increased value of grants and philanthropic support received and an increase in the number of research findings which are published in peer reviewed journals. In the longer term, the medical research activities will lead to advances in knowledge which can be translated into improvements in diagnosis, treatment, prevention or cure and these broader objectives can be assessed by assessment of the health, social and wealth impacts of specific advances.

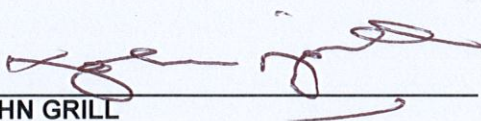
**MEMBERS LIABILITY**

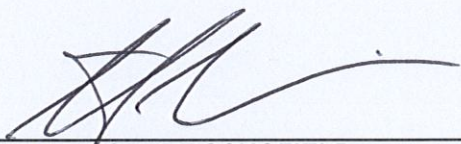
The Company is a company limited by guarantee and without share capital. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$20 per member to the assets of the Company in the event of it being wound up while he or she is a member or within one year afterwards for payment of the debts and liabilities of the Company contracted before he or she ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves. The total amount that members of the Company are liable to contribute if the Company is wound up is \$220 (2016: \$260).

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-C SECTION 60-40 OF AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

The Lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the year ended 31 December 2017.

Signed in accordance with a resolution of the directors:

  
**JOHN GRILL**  
Chairman

  
**PETER ROBERT SCHOFIELD**  
Chief Executive Officer

Dated at Sydney this 17<sup>th</sup> day of April 2018.

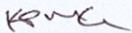


# Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

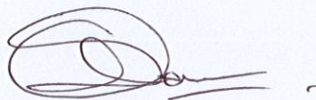
To: the Directors of Neuroscience Research Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 there have been:

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



KPMG



Cameron Roan

Partner

Sydney

17 April 2018

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>REVENUE</b>			
Grants received	4	22,301,264	24,322,370
Donations and fundraising		6,959,454	6,008,958
Sales of FallScreen kits		24,318	72,006
Conference revenue		3,136	132
Laboratory services		150,882	91,181
Sponsorship income		1,094,574	3,600
Other revenues from ordinary activities		850,409	410,386
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>31,384,037</b>	<b>30,908,633</b>
<b>EXPENSES</b>			
Personnel expenses	5	(13,905,986)	(15,835,665)
Other expenses	6	(7,942,993)	(7,436,798)
<b>TOTAL EXPENSES</b>		<b>(21,848,979)</b>	<b>(23,272,463)</b>
<b>SURPLUS FROM OPERATING ACTIVITIES EXCLUDING FINANCE INCOME, DEPRECIATION &amp; AMORTISATION</b>		<b>9,535,059</b>	<b>7,636,169</b>
Depreciation and amortisation expense	11	(3,209,745)	(2,725,962)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>6,325,314</b>	<b>4,910,207</b>
Finance income		447,176	378,585
Finance expenses		(93,328)	(18,896)
<b>NET FINANCE INCOME</b>	7	<b>353,848</b>	<b>359,689</b>
<b>SURPLUS FOR THE YEAR</b>		<b>6,679,162</b>	<b>5,269,896</b>
Other Comprehensive Income			
Net change in fair value of available-for-sale financial assets		260,887	34,714
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>6,940,049</b>	<b>5,304,610</b>

*The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 32*

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	9,756,133	9,733,611
Trade and other receivables	9	1,667,725	2,070,066
Other Financial assets	10	14,604,709	7,205,159
Inventory		33,900	49,274
<b>TOTAL CURRENT ASSETS</b>		<b>26,062,467</b>	<b>19,058,110</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	11	62,906,196	61,738,506
<b>TOTAL NON CURRENT ASSETS</b>		<b>62,906,196</b>	<b>61,738,506</b>
<b>TOTAL ASSETS</b>		<b>88,968,663</b>	<b>80,796,616</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other payables	12	1,458,013	284,957
Employee Benefits	13	2,218,392	2,285,126
Deferred revenue	14	1,877,098	1,720,501
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,553,503</b>	<b>4,290,584</b>
<b>NON CURRENT LIABILITIES</b>			
Employee benefits	13	188,123	219,044
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>188,123</b>	<b>219,044</b>
<b>TOTAL LIABILITIES</b>		<b>5,741,626</b>	<b>4,509,628</b>
<b>NET ASSETS</b>		<b>83,227,037</b>	<b>76,286,988</b>
<b>MEMBERS' FUNDS</b>			
Retained Surplus		80,127,487	73,448,325
Reserves		295,601	34,714
Amalgamation Reserve		2,803,949	2,803,949
<b>TOTAL MEMBERS' FUNDS</b>		<b>83,227,037</b>	<b>76,286,988</b>

*The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 15 to 32.*

**NEUROSCIENCE RESEARCH AUSTRALIA  
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Amalgamation Reserve</b>	<b>Reserves</b>	<b>Retained Surplus</b>	<b>Total Members' Funds</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>OPENING BALANCE AT 1 JANUARY 2016</b>	2,803,949	-	68,178,429	70,982,378
Surplus for the year	-	-	5,269,896	5,269,896
Net change in fair value of available-for-sale assets	-	34,714	-	34,714
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR</b>	<b>-</b>	<b>34,714</b>	<b>5,269,896</b>	<b>5,304,610</b>
<b>CLOSING BALANCE AT 31 DECEMBER 2016</b>	<b>2,803,949</b>	<b>34,714</b>	<b>73,448,325</b>	<b>76,286,988</b>
<b>OPENING BALANCE AT 1 JANUARY 2017</b>	2,803,949	34,714	73,448,325	76,286,988
Surplus for the year	-	-	6,679,162	6,679,162
Net change in fair value of available-for-sale assets	-	260,887	-	260,887
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR</b>	<b>-</b>	<b>260,887</b>	<b>6,679,162</b>	<b>6,940,049</b>
<b>CLOSING BALANCE AT 31 DECEMBER 2017</b>	<b>2,803,949</b>	<b>295,601</b>	<b>80,127,487</b>	<b>83,227,037</b>

*The consolidated statement of changes in members' funds is to be read in conjunction with the notes to the financial statements set out on pages 14 to 34.*

**NEUROSCIENCE RESEARCH AUSTRALIA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants received		25,090,328	22,106,141
Receipts from donations and fundraising		7,055,144	6,317,727
Sales of FallScreen kits		26,750	79,207
Conference receipts		3,450	145
Laboratory services		60,711	100,299
Interest received		236,958	359,689
Other		2,332,925	455,384
Payments to suppliers and employees		(23,446,239)	(25,846,750)
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	16	<b><u>11,360,027</u></b>	<b><u>3,571,841</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash transferred to other financial assets (term deposits)		-	(766,280)
Cash transferred to other financial assets (available-for-sale)		(7,127,898)	(4,248,165)
Acquisitions of property, plant and equipment		(4,377,435)	(786,957)
Payments for construction of building		-	(6,297,098)
Dividends received from available-for-sale investments		167,828	-
		<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>(11,337,505)</u></b>	<b><u>(12,098,500)</u></b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		22,522	(8,526,657)
Cash and cash equivalents at the beginning of the financial year		9,733,611	18,260,268
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b><u><u>9,756,133</u></u></b>	<b><u><u>9,733,611</u></u></b>

*The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 32.*

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 1. REPORTING ENTITY**

Neuroscience Research Australia (the "Company") is a company incorporated and domiciled in Australia as a Company limited by guarantee. The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "group entities").

The principal activities of the Group during the course of the financial period were the conduct of medical research, the development of medical research facilities and fundraising activities.

**Registered Office**

Neuroscience Research Australia  
Margarete Ainsworth Building  
139 Barker St  
Randwick NSW 2031

**Principal Place of Business**

Neuroscience Research Australia  
Margarete Ainsworth Building  
139 Barker St  
Randwick NSW 2031

**NOTE 2. BASIS OF PREPARATION**

**Statement of Compliance**

The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission Act 2012. The consolidated financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Company has adopted the exemptions allowed for not-for-profit organisations under AASB 101 Presentation of financial statements.

**Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

**Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

**Use of estimates and judgements**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 2. BASIS OF PREPARATION (CONTINUED)**

**Going Concern**

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below, have been applied consistently to all periods presented in these consolidated financial statements. To conform with current year presentation certain comparative figures have been reclassified. In the opinion of the Directors, these changes in presentation are not material to the overall financial statements.

**Financial Instruments**

*(i) Non-derivative financial assets*

Financial assets are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: investment in shares, loans and receivables, cash and cash equivalents.

*(ii) Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

*(iii) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through the income statement. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is de-recognised, at which time, the cumulative gain or loss is recognised in investment income in the income statement, or the investment is determined to be impaired when the cumulative loss is reclassified from the available-for-sale reserve to the income statement as impairment of assets. Interest earned and dividends received whilst holding available-for-sale financial assets are reported as investment income.

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

*(v) Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument. The Group ceases to recognise a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

**Property, Plant and Equipment**

*(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

*(ii) Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*(iii) Depreciation*

Depreciation is recognised in profit or loss over the estimated useful lives of each part of an item of property, plant and equipment. The estimated depreciation rates used during the current and comparative periods are as follows:

	<b>2017</b>	<b>2016</b>
• Leasehold improvements:	3.03%	3.03%
• Motor vehicles:	22.50%	22.50%
• Plant and Equipment:	3.00-33.00	3.00-33.00%
• Furniture and Fittings:	20.00%	20.00%
• Buildings	3.09%	3.09%

Depreciation methods, depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate.

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventories are stated at the lower of either cost or net realisable value.

**Impairment**

*(i) Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*(ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Employee Benefits**

*(i) Defined contribution superannuation funds*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

*(ii) Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the consolidated entity's obligations.

*(iii) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Revenue**

*(i) Sale of Goods*

Revenue from the sale of NeuRA FallScreen® and NeuRA QuickScreen® kits are measured at the fair value of the consideration received or receivable. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

*(ii) Donations and fundraising*

Revenue from donations and fundraising is recognised in profit or loss when the Group gains control of the contribution or the right to receive the contribution. Where such amounts are conditional upon expenditure for a specified purpose and/or during a specified time period they are classified as deferred revenue. Amounts are released to revenue as the expenditure for the specified purpose is made during any such specified time period.

*(iii) Government grants*

Government and other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**Lease Payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Finance Income & Costs**

Finance income comprises interest and dividend income on funds invested and cumulative gain or loss of derecognised available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss using the effective interest method.

**Income Tax**

The company is a registered charity and is exempt from income tax under s50-5 of the Income Tax Assessment Act 1997.

**Goods & Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows 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 classified as operating cash flows.

**New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period and have not been early adopted by the Company. The assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018)  
AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is available for early adoption.

The company has considered the impact of this standard and does not plan to adopt this standard early.

(ii) AASB 15 Revenue from Contracts with Customers, (effective 1 January 2019 for not-for-profit entities)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard is available for early adoption.

The Company has considered the impact of this standard and does not plan to adopt this standard early.

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(iii) AASB 16 Leases, (effective from 1 January 2019)

AASB 16 provides a new model for accounting for leases. The standard is available for early adoption.

The Company has considered the impact of this standard and does not plan to adopt this standard early.

**Basis of Consolidation - Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 4: GRANT REVENUE**

	2017	2016
	\$	\$
Research Income	13,694,085	12,712,782
Infrastructure - MRSP	4,550,074	4,188,751
Infrastructure - UNSW	2,687,618	2,605,390
Infrastructure Other	369,487	166,980
Building - NSW Health	1,000,000	4,648,467
<b>TOTAL GRANT REVENUE</b>	<b>22,301,264</b>	<b>24,322,370</b>

**NOTE 5: PERSONNEL EXPENSES**

	2017	2016
	\$	\$
Wages, salaries, and other personnel expenses	12,845,409	14,844,840
Contributions to superannuation funds	1,158,232	1,330,647
(Decrease)/Increase in liability for annual leave	(70,947)	(132,167)
(Decrease)/ Increase in liability for long service	(26,708)	(207,655)
<b>TOTAL PERSONNEL EXPENSES</b>	<b>13,905,986</b>	<b>15,835,665</b>

**NOTE 6: OTHER EXPENSES**

	2017	2016
	\$	\$
Grant reimbursement	1,479,944	1,381,245
Cost of FallScreen kits sold	15,234	19,412
Insurance	214,151	184,849
Public Relations	-	29,438
Fundraising costs	1,099,659	1,163,618
Travel	494,640	592,158
Repairs and Maintenance	324,966	356,824
Consultants	456,755	304,213
Conference Expenses	142,025	148,703
Scholarships	554,252	594,312
Laboratory supplies	537,925	827,191
Other	2,623,441	1,834,835
<b>TOTAL OTHER EXPENSES</b>	<b>7,942,992</b>	<b>7,436,798</b>

**NOTE 7: NET FINANCIAL INCOME**

	2017	2016
	\$	\$
Interest income	236,958	378,585
Realised gain from available-for-sale financial	42,388	-
Dividend income	167,828	-
Foreign exchange losses	(31,624)	-
Bank charges	(61,702)	(18,896)
<b>TOTAL NET FINANCIAL INCOME</b>	<b>353,848</b>	<b>359,689</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 8: CASH AND CASH EQUIVALENTS**

	2017	2016
	\$	\$
Cash on Hand	12,410	12,010
Bank Balances	6,076,684	2,205,750
Term Deposits	3,667,039	7,515,851
<b>CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS</b>	<b>9,756,133</b>	<b>9,733,611</b>

Term deposits with maturity dates less than 3 months are classified as cash and cash equivalents.

**NOTE 9: TRADE AND OTHER RECEIVABLES**

	2017	2016
	\$	\$
<b>Current</b>		
Trade Receivables	1,422,555	1,895,776
Sundry Receivables	227,025	158,749
Prepayments	18,145	15,541
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>1,667,725</b>	<b>2,070,066</b>

**NOTE 10: OTHER FINANCIAL ASSETS**

	2017	2016
	\$	\$
<b>Current</b>		
Available-for-sale financial assets	14,564,709	4,282,879
Term deposits with maturity >3 months	40,000	2,922,280
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>14,604,709</b>	<b>7,205,159</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

**Leasehold Improvements**

The Medical Research Building is located on State Crown land managed by South Eastern Sydney Local Health Network. Rent is \$1 per year and operating expenses, as agreed, are paid annually. The term of the lease is 25 years, terminating on 30 June 2025 with an option to renew for one further term of 25 years. All improvements upon the land have been funded by Neuroscience Research Australia through State and Federal Government grants and donations.

<b>Cost</b>	<b>Building \$</b>	<b>Leasehold improvement s \$</b>	<b>Motor vehicles \$</b>	<b>Plant and equipment \$</b>	<b>Furniture &amp; Fittings \$</b>	<b>Computer Software \$</b>	<b>Total \$</b>
Balance at 1 January 2016	51,154,938	11,368,984	62,795	11,658,837	2,577,155	84,403	76,907,112
Acquisitions	6,368,735	1,100	23,182	371,956	167,814	222,905	7,155,692
Disposals	(4,161)	(178,623)	-	(1,341,753)	(217,269)	-	(1,741,806)
Balance at 31 December 2016	57,519,512	11,191,461	85,977	10,689,040	2,527,700	307,308	82,320,998
Balance at 1 January 2017	57,519,512	11,191,461	85,977	10,689,040	2,527,700	307,308	82,320,998
Acquisitions	2,000,756	1,364,207	-	756,992	228,603	26,877	4,377,435
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2017	59,520,268	12,555,668	85,977	11,446,032	2,756,303	334,185	86,698,433

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Depreciation and Amortisation**

	Building \$	Leasehold improvements \$	Motor vehicles \$	Plant and equipment \$	Furniture and Fittings \$	Computer Software \$	Total \$
Balance at 1 January 2016	6,167,954	6,775,484	41,058	5,234,770	1,105,905	-	19,325,171
Depreciation/amortisation charge for the period	1,391,580	142,304	9,150	826,560	316,319	40,049	2,725,962
Disposals	(648)	(99,204)	-	(1,200,401)	(168,388)	-	(1,468,641)
Balance at 31 December 2016	7,558,886	6,818,584	50,208	4,860,929	1,253,836	40,049	20,582,492
Balance at 1 January 2017	7,558,886	6,818,584	50,208	4,860,929	1,253,836	40,049	20,582,492
Depreciation/amortisation charge for the period	1,565,742	143,397	8,048	1,156,555	273,153	62,850	3,209,745
Disposals	-	-	-	-	-	-	-
Balance at 31 December 2017	9,124,628	6,961,981	58,256	6,017,484	1,526,989	102,899	23,792,237

**Carrying amounts**

At 1 January 2016	44,986,984	4,593,500	21,737	6,424,067	1,471,250	84,403	57,581,941
At 31 December 2016	49,960,626	4,372,877	35,769	5,828,111	1,273,864	267,259	61,738,506
At 1 January 2017	49,960,626	4,372,877	35,769	5,828,111	1,273,864	267,259	61,738,506
At 31 December 2017	50,395,640	5,593,687	27,721	5,428,548	1,229,314	231,286	62,906,196

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12: TRADE AND OTHER PAYABLES**

	2017	2016
	\$	\$
Trade Payables	111,317	27,443
Other Payables and Accrued Expenditure	1,346,696	257,514
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b><u>1,458,013</u></b>	<b><u>284,957</u></b>

**NOTE 13: EMPLOYEE BENEFITS**

	2017	2016
	\$	\$
<b>CURRENT</b>		
Liability for Annual Leave	805,926	876,873
Liability for Long Service Leave	1,412,466	1,408,253
	<b><u>2,218,392</u></b>	<b><u>2,285,126</u></b>
<b>NON CURRENT</b>		
Liability for Long Service Leave	188,123	219,044
<b>TOTAL EMPLOYEE BENEFITS</b>	<b><u>2,406,515</u></b>	<b><u>2,504,170</u></b>

**NOTE 14: DEFERRED REVENUE**

	2017	2016
	\$	\$
<b>Current</b>		
Research Grant Deferred Revenue	1,000,000	705,905
Infrastructure Deferred Revenue	877,098	1,014,596
Building Grant Deferred Revenue	-	-
	<b><u>1,877,098</u></b>	<b><u>1,720,501</u></b>

**NOTE 15: CAPITAL AND OTHER COMMITMENTS**

	2017	2016
	\$	\$
Within one year	203,071	9,775
One year or later and no later than five	26,950	15,300
	<b><u>230,021</u></b>	<b><u>25,075</u></b>

Capital commitments are in relation to the building works and operating lease of photocopiers.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 16: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Surplus	6,940,062	5,304,610
<b>ADD / (LESS) NON CASH ITEMS</b>		
Amortisation / impairment of leasehold improvements	143,397	142,304
Depreciation	3,066,348	2,583,658
Loss on sales of Assets	-	273,165
(Decrease) / Increase in available-for-sale financial assets	(260,887)	(34,714)
Dividend income	(167,128)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGES IN ASSETS &amp; LIABILITIES</b>	<b>9,721,792</b>	<b>8,269,023</b>
<b>CHANGES IN ASSETS &amp; LIABILITIES</b>		
(Decrease) / Increase in Payables	1,161,578	(2,646,249)
(Decrease) / Increase in Provisions	(97,655)	(339,820)
(Decrease) in Deferred Revenue	156,597	(1,967,796)
Decrease / (Increase) in Receivables	402,341	244,940
Decrease in Inventory	15,374	11,742
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>11,360,027</b>	<b>3,571,840</b>

**NOTE 17: RELATED PARTIES**

**Transactions with key management personnel**

In addition to their salaries, the Company contributes to accumulation contribution superannuation funds on their behalf.

**Key management personnel compensation**

The key management personnel compensation included in 'personnel expenses' (see Note 5) are as follows:

	2017 \$	2016 \$
Short term employee benefits	1,664,210	1,346,149
<b>TOTAL SHORT TERM EMPLOYEE BENEFITS</b>	<b>1,664,210</b>	<b>1,346,149</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 17: RELATED PARTIES (CONTINUED)**

**Identity of Related Parties**

The Company has a related party relationship with its subsidiary (see Note 20), associates, and with its key management personnel.

**Other Related Party Transactions**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
South Eastern Sydney Local Health Network - Rent paid	1	1
UNSW - Infrastructure funds received	2,687,618	2,605,390
UNSW - Grants received	10,448,147	9,811,493
Donations transferred to Neuroscience Research Australia	-	-
Donations received from Neuroscience Research Australia Foundation	4,001,486	3,790,130
Interest expensed to Neuroscience Research Australia	179,031	173,880

On 12 December 2013, Neuroscience Research Australia entered into a loan facility as borrower with Neuroscience Research Australia Foundation. The facility was utilised in prior year, with a loan of \$4,343,000 made on 11 March 2016. The purpose of this loan was to complete the fit-out of Level 6 of the Margarete Ainsworth Building. In August 2017 Neuroscience Research Australia made a loan repayment of \$1,250,000 and in December 2017 the year's interest expense of \$179,031 was paid. The loan facility balance at the end of the year is \$3,402,748

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 18: PARENT ENTITY**

As at, and throughout, the financial year ended 31 December 2017 the parent entity of the Group was Neuroscience Research Australia.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>RESULTS OF THE PARENT ENTITY</b>		
Surplus/(Loss) for the Year	5,347,383	3,971,576
Other Comprehensive Income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>5,347,383</u></b>	<b><u>3,971,576</u></b>
<b>FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END</b>		
Current Assets	12,654,966	8,019,277
Total Assets	75,561,163	69,741,474
Current Liabilities	8,058,978	7,555,751
Total Liabilities	8,247,101	7,774,794
<b>TOTAL MEMBERS' FUNDS TO THE PARENT ENTITY COMPRISING OF</b>		
Retained Surplus	<u>67,314,062</u>	<u>60,803,682</u>
<b>Total Members Funds</b>	<b><u>67,314,062</u></b>	<b><u>60,803,682</u></b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 19: FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD BY THE NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION**

During the period, fundraising appeals conducted by the Neuroscience Research Australia Foundation for the acceptance of donations and a capital campaign for building development.

<b>RESULTS OF FUNDRAISING APPEALS</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Gross proceeds from fundraising	8,094,142	6,008,958
Less: Direct costs of fundraising	(2,317,933)	(1,859,022)
Net surplus obtained from fundraising appeals	<u><b>5,776,209</b></u>	<u><b>4,149,936</b></u>
This surplus was allocated to:		
Expenditure on research	2,395,737	815,274
Transfer to accumulated funds for building development	1,020,000	2,270,000
Transfer of accumulated funds for future research	2,360,472	1,064,662
<b>TOTAL ALLOCATION</b>	<u><b>5,776,209</b></u>	<u><b>4,149,936</b></u>

*The results of the fundraising appeals includes the Group.*

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 20: CONTROLLED ENTITIES**

Particulars in relation to controlled entities	2017	2016
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Neuroscience Research Australia

**Controlled Entities**

Neuroscience Technologies Pty Ltd	100%	100%
Neuroscience Research Australia Foundation (Public Company Limited by Guarantee)	100%	100%
Neuroscience Research Australia Foundation (Charitable Trust)	100%	100%
Schizophrenia Research Institute	100%	100%

Neuroscience Technologies Pty Limited has not traded since its acquisition by the Company, and the statement of financial position at the end of the period consists of \$10 in cash and \$10 of share capital (which eliminates against the investment of the parent entity on consolidation). Neuroscience Research Australia Foundation commenced trading on 1 January 2011. Schizophrenia Research Institute merged with Neuroscience Research Australia on 25 February 2015 and became a controlled entity of the Group. Accordingly consolidated financial statements have been prepared.

**NOTE 21: SUBSEQUENT EVENTS**

The Company entered into the Mindgardens Alliance Establishment Agreement which established the Mindgardens Alliance, an unincorporated joint venture involving four founding members – the University of New South Wales, South Eastern Sydney Local Health District, Black Dog Institute and Neuroscience Research Australia. Each member retains their independence. The Mindgardens Alliance Company (using the NeuRA corporate structure) will be the entity that manages the Alliance on behalf of the members. The Agreement was executed on 22 December 2017 and the Board met for the first time on 8 February 2018.

In recognising the unique role of the Company as both an Alliance Member and the Member that administers the Alliance (which will include providing the operations and management function for the Alliance), the new Board established that NeuRA Advisory Council has a uniquely broad remit and extensive delegated powers to oversee the operations and functions of the Neuroscience Research Australia enterprise.

The following are the directors of the Company from 8 February 2018:

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**NOTE 21: SUBSEQUENT EVENTS (CONTINUED)**

***John Grill - Independent Director & Chairman***

John Grill was appointed Director in July 2010 and appointed Chairman in May 2016. He is Chairman of WorleyParsons Limited.

***Rodney Phillips – Nominee of University of New South Wales***

Rodney Phillips was appointed Director in August 2015. Rodney was granted a leave of absence in May 2017 for the remainder of the year due to a health issue. He is Dean of Medicine at the University of New South Wales.

***Emma Johnston – Nominee of University of New South Wales***

Emma Johnston was appointed Director in February 2018. She is Dean of Science at the University of New South Wales.

***Michael Still - Nominee of South Eastern Sydney Local Health District***

Michael Still was appointed Director in November 2016. He is Chairman of the South East Sydney Local Health District.

***Richard Matthews - Nominee of South Eastern Sydney Local Health District***

Richard Matthews was appointed Director in November 2011. He is a consultant and was the former Deputy Director General Strategic Development for NSW Health.

***Jennifer Alexander – Nominee of NSW Minister for Health & Medical Research***

Jennifer Alexander was appointed Director in January 2013. She is Pro Chancellor of The University of New South Wales and a member of the UNSW Council and former Chief Executive Officer of the Royal Australasian College of Physicians.

***Dr Julian Adler – Independent Director***

Julian Adler was appointed Director in February 2018 and is Radiologist and CEO of Castlereagh Imaging.

***Mr Peter Joseph AM – Independent Director***

Peter Joseph was appointed Director in February 2018 and is Chairman of the Black Dog Institute.

***Mr Bob Mansfield AO – Independent Director***

Bob Mansfield was appointed Director in February 2018. He holds a number of non-executive director positions and was the former Chairman of Telstra.

***Dr Mark Nelson – Independent Director***

Mark Nelson was appointed Director in February 2018 and is Executive Chairman of Caledonia (Private) Investments Pty Limited.

**NEUROSCIENCE RESEARCH AUSTRALIA  
DECLARATION BY THE DIRECTORS**

In the opinion of the directors of Neuroscience Research Australia ("the Company"):

- (a) the consolidated financial statements and notes, set out on pages 14 to 34 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

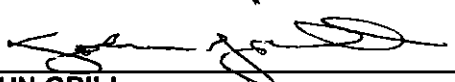
  
\_\_\_\_\_  
**JOHN GRILL**  
Chairman  
\_\_\_\_\_  
**PETER ROBERT SCHOFIELD**  
Chief Executive Officer

Dated at Sydney this 17<sup>th</sup> day of April 2018

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DECLARATION BY RESPONSIBLE OFFICER IN RESPECT OF FUNDRAISING APPEALS**

I, Peter Robert Schofield, Executive Director and Chief Executive Officer and responsible officer of Neuroscience Research Australia, declare in my opinion that:

- (a) the financial report gives a true and fair view of all income and expenditure of Neuroscience Research Australia with respect to fundraising appeal activities for the year ended 31 December 2017;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities for the year ended 31 December 2017;
- (c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the conditions attached to the authority have been complied with for the year ended 31 December 2017; and
- (d) the internal controls exercised by Neuroscience Research Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

  
**JOHN GRILL**  
Chairman

Dated at Sydney this 17<sup>th</sup> day of April

  
**PETER ROBERT SCHOFIELD**  
Chief Executive Officer

2018

# Independent Auditor's Report

To the members of Neuroscience Research Australia

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report**, of the Neuroscience Research Australia (the Company).

In our opinion, the accompanying **Financial Report** of the Company is in accordance with the Australian Charities and Not-for-profits Commissions (ACNC) Act 2012, including:

- (i) giving a true and fair value of the Group's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- (i) Consolidated statement of financial position as at 31 December 2017,
- (ii) Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended.
- (iii) Notes including a summary of significant accounting policies.
- (iv) Directors' declaration of the Company.
- (v) Declaration by the Chairman in respect of fundraising appeals of the Company.

The Group consists of the Company and the entities it controlled at the yearend or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Trust in accordance with the auditor independence requirements of the *ACNC Act 2012* 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 fulfilled our other ethical responsibilities in accordance with the Code.

### Other information

Other information is financial and non-financial information in Neuroscience Research Australia's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of the Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Director are responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations.
- (iii) Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- (iv) Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- (ii) Designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- (v) Concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (vi) Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

In addition we have:

- (i) Obtained an understanding of the internal control structure for fundraising appeal activities.
- (ii) Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the

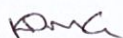
preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

## Report on Other Legal and Regulatory Requirements

### Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- (i) the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2017;
- (ii) the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2017 to 31 December 2017, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (iii) money received as a result of fundraising appeal activities conducted during the period from 1 January 2017 to 31 December 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (iv) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.



KPMG



Cameron Roan

Partner

Sydney

17 April 2018