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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 2019**

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**NEUROSCIENCE RESEARCH AUSTRALIA**

**ABN 35 050 110 346**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 2019**

The directors present their report together with the consolidated financial statements of the Group comprising Neuroscience Research Australia ("the Company"), and its controlled entities, for the year ended 31 December 2019 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 AO - Independent Director & Chairman***

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

***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.

***Tobi Wilson - Nominee of South Eastern Sydney Local Health District***

Tobi Wilson was appointed Director in August 2019. He is a Chief Executive of the South Eastern Sydney Local Health District.

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

Rodney Phillips was appointed Director in August 2015. He is Pro Vice-Chancellor Health at the University of New South Wales.

***Emma Johnston AO – 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.

***Jennifer Alexander – Nominee of Minister for Health***

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 during the period. In 2020, he became Radiologist and CEO, Imaging Division, Sonic Healthcare.

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

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

***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.

***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 2019 (CONTINUED)**

**DIRECTORS (CONTINUED)**

***Kristin Stubbins – Independent Director***

Kristin Stubbins was appointed Director in May 2018. She is a partner at PricewaterhouseCoopers.

***Richard Matthews AM - Nominee of South Eastern Sydney Local Health District to August, Independent Nominee from August***

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

***Clyde McConaghy - Independent Director***

Clyde McConaghy was appointed Director in June 2019. He is a company director on a number of public listed and private companies.

**NEURA GOVERNING COUNCIL**

The Governing Council is a Board Committee and oversees the operations and functions of the NeuRA Division. The NeuRA Governing Council is responsible for setting and monitoring the strategic direction of the NeuRA Division; managing and monitoring the use of the resources of the NeuRA Division in conformity with the strategic direction of the NeuRA Division; considering and approving (if thought fit) any recommendations from FRACC for budgets for the NeuRA Division, and then recommending to the Board of the Company the adoption of budgets for the NeuRA Division; managing and monitoring the performance of the NeuRA Division against Board approved budgets; and, all other things that are incidental or conducive to the 'primary aims' of the Company as they relate to the NeuRA Division, including the execution of contracts of employment and the engagement of contractors, within the applicable delegations. of the NeuRA Governing Council during the year were:

**MEMBER**

A Katzmann (Chair)  
J Adler  
A Kase (Deputy Chair)  
B Shepherd  
C McConaghy  
K O'Doherty  
N Schweizer  
J Watkins  
M Al Muderis  
P Schofield

**CHANGES TO APPOINTMENT**

From May 2019

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

The Investment Committee oversees and makes 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, its NeuRA Division and the Mindgardens Neuroscience Network and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the Investment Committee during the year were:

**MEMBER**

J Alexander (Chair)  
B Shepherd  
S Blackman  
C Barton  
P Schofield  
K Johnston (ex officio non-voting)  
P Somaiya (ex officio non-voting)

**CHANGES TO APPOINTMENT**

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**INVESTMENT COMMITTEE**

The Investment Committee oversees and makes 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, its NeuRA Division and the Mindgardens Neuroscience Network and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute.

The members of the Investment Committee during the year were:

**MEMBER**

C McConaghy (Chair)  
 C Cameron  
 P Schofield (ex officio voting)  
 P Somaiya (ex officio non-voting)

**CHANGES TO APPOINTMENT**

**BUILDING COMMITTEE**

The Building Committee oversees building projects and makes recommendations to the Board to ensure NeuRA's facilities are world-class.

The members of the Building Committee during the year were:

**MEMBER**

B Shepherd (Chair)  
 R Matthews  
 J Freeman (external voting)  
 P Schofield (ex officio voting)  
 K Johnston (ex officio non-voting)

**CHANGES TO APPOINTMENT**

**NOMINATION COMMITTEE**

The nomination committee reviews 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. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, its NeuRA Division and the Mindgardens Neuroscience Network and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute.

The members of the Nomination Committee during the year were:

**MEMBER**

J Grill (Chair)  
 P Joseph  
 R Phillips  
 M Still  
 A Katzmann  
 N Schweizer  
 H Christensen (ex officio voting)  
 P Schofield (ex officio voting)

**CHANGES TO APPOINTMENT**

From April 2019  
 From August 2019

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**EXECUTIVE COMMITTEE (MINDGARDENS NEUROSCIENCE NETWORK)**

The Executive Committee of the Mindgardens Neuroscience Network, (through the Mindgardens Neuroscience Network CEO), advises the Board on strategic, research, capital, business and operational, branding and marketing, and fundraising and philanthropic priorities; review and advise the Board on the Budget; advise the Board on Research Governance; implement Research Governance Policies and Procedures; subject to the Board delegations, approve policies; advise the Board of the Mindgardens CEO Position Description; advise the Board on opportunities to optimise collaboration, sharing of infrastructure, staff and resources by Mindgardens member organisations; advise and assist the CEO with implementation of the Board Approved Mindgardens Strategy, Budget and Policies; monitor and review the implementation of the Mindgardens strategies and priorities; and assist the Mindgardens CEO as required.

The members of the Executive Committee during the year were:

**CHANGES TO APPOINTMENT**

H Christensen (Co-Chair)	Ex officio voting	
P Schofield (Co-Chair)	Ex officio voting	
M Farrell		
D Pearce		
T Wilson		To August 2018
J Watson		
C White		
J Barry		From August 2018

**NON-EXECUTIVE DIRECTORS**

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

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (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		GOVERNING COUNCIL		FINANCE, RISK, AUDIT, COMPLIANCE COMMITTEE		INVESTMENT COMMITTEE		BUILDING COMMITTEE		NOMINATION COMMITTEE		EXECUTIVE COMMITTEE	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
M John Grill AO	6	6	-	-	-	-	-	-	-	-	4	4	-	-
Mr Tobi Wilson	2	2	-	-	-	-	-	-	-	-	-	-	5	4
Dr Jennifer Alexander	6	6	-	-	6	6	-	-	-	-	-	-	-	-
Mr Clyde McConaghy	3	3	6	4	-	-	5	5	-	-	-	-	-	-
Prof Rodney Phillips	6	4	-	-	-	-	-	-	-	-	4	4	-	-
Mr Michael Still	6	5	-	-	-	-	-	-	-	-	4	4	-	-
Prof Emma Johnston AO	6	4	-	-	-	-	-	-	-	-	-	-	-	-
Mr Richard Matthews AM	6	4	-	-	-	-	-	-	1	1	-	-	-	-
Dr Julian Adler	6	4	6	3	-	-	-	-	-	-	-	-	-	-
Prof Peter Joseph AM	6	5	-	-	-	-	-	-	-	-	4	4	-	-
Mr Bob Mansfield AO	6	3	-	-	-	-	-	-	-	-	-	-	-	-
Mr Mark Nelson	6	4	-	-	-	-	-	-	-	-	-	-	-	-
Ms Kristin Stubbins	6	5	-	-	-	-	-	-	-	-	-	-	-	-

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

**B** - Number of meetings attended

**COMPANY SECRETARY**

Dr Kate Johnston was appointed Company Secretary in April 2018.

**BOARD COMMITTEE MEETINGS**

The number of board committee meetings and number of meetings attended by each of the Officers of the Company during the

MEMBER	GOVERNING COUNCIL		FINANCE, RISK, AUDIT, COMPLIANCE COMMITTEE		INVESTMENT COMMITTEE		BUILDING COMMITTEE		NOMINATION COMMITTEE		EXECUTIVE COMMITTEE	
	A	B	A	B	A	B	A	B	A	B	A	B
Prof Peter Schofield AO	6	6	7	7	5	5	1	1	3	3	7	6
Mr Barry Shepherd PSM	6	6	7	6	-	-	1	1	-	-	-	-
Mr Chad Barton	-	-	2	2	-	-	-	-	-	-	-	-
Mr Stephen Blackman	-	-	7	5	-	-	-	-	-	-	-	-
Ms Christine Cameron	-	-	-	-	4	5	-	-	-	-	-	-
The Hon Justice Anna Katzmann	6	6	-	-	-	-	-	-	2	2	-	-
Mr Nobert Schweizer OAM	6	5	-	-	-	-	-	-	2	2	-	-
Ms Alice Kase	6	6	-	-	-	-	-	-	-	-	-	-
The Hon John Watkins AM	6	4	-	-	-	-	-	-	-	-	-	-
Mrs Kirsten O'Doherty	6	6	-	-	-	-	-	-	-	-	-	-
A/Prof Munjed Al Muderis	4	1	-	-	-	-	-	-	-	-	-	-
Dr Jeff Freeman	-	-	-	-	-	-	1	1	-	-	-	-
Prof Helen Christensen AO	-	-	-	-	-	-	-	-	3	3	7	7
Prof Michael Farrell	-	-	-	-	-	-	-	-	-	-	7	4
Mr David Pearce	-	-	-	-	-	-	-	-	-	-	-	-
Prof John Watson, AM	-	-	-	-	-	-	-	-	-	-	7	4
Dr Chris White	-	-	-	-	-	-	-	-	-	-	7	3
Prof Nigel Lovell	-	-	-	-	-	-	-	-	-	-	7	3
Prof Simon Killcross	-	-	-	-	-	-	-	-	-	-	7	2
Ms Jennie Barry	-	-	-	-	-	-	-	-	-	-	3	1

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

**B** - Number of meetings attended

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**PRINCIPAL ACTIVITIES**

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, Neuroscience Research Australia Foundation and Schizophrenia Research Institute. Accordingly, consolidated (Mindgardens and NeuRA Divisions) financial statements have been prepared.

**PERFORMANCE**

The profit of the Group for the year ended 31 December 2019 was \$2,599,139 (2018: \$299,961).

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.

**SUBSEQUENT EVENTS**

The spread of the coronavirus COVID-19 in early 2020 has had a material impact on the value of the Group's investments, with an unrealised decline in value of 9.1 % noted as at the date of the Directors' Report.

There is also likely to be an impact on the Group's operations as a result of COVID-19. At the date of signing the Directors' Report, the financial impact could not be quantified accurately but Directors do not believe it will affect the Group's capacity to remain a going concern for the foreseeable future. Other than the above development, no other item, transaction or event of a material and unusual nature is likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

**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 DIRECTORS AND 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 2019 (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.

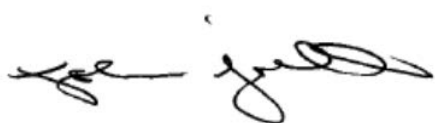
**MEMBERS LIABILITY**

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 (2018: \$220).

**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 2019.

Signed in accordance with a resolution of the directors:



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**JOHN GRILL AO**

Chairman



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**PETER SCHOFIELD AO**

Chief Executive Officer

Dated at Sydney this 7th day of April 2020.



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

To: the members 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 2019 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

KPMG

A handwritten signature in black ink, appearing to read 'Warwick Shanks'.

Warwick Shanks

*Partner*

Sydney

7 April 2020

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>REVENUE</b>			
Grant income	4	19,094,745	21,186,469
Donations and fundraising		9,063,577	5,960,449
Sale of goods		23,022	27,503
Conference revenue		299,794	201,999
Laboratory services		283,261	102,788
Sponsorship income		-	79,124
Other revenues from ordinary activities		181,720	218,646
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>28,946,119</b>	<b>27,776,978</b>
<b>EXPENSES</b>			
Personnel expenses	5	(17,055,613)	(16,185,766)
Other expenses	6	(8,622,786)	(8,154,813)
<b>TOTAL EXPENSES</b>		<b>(25,678,399)</b>	<b>(24,340,579)</b>
<b>SURPLUS FROM OPERATING ACTIVITIES EXCLUDING NET FINANCE INCOME/EXPENSE, DEPRECIATION &amp; AMORTISATION</b>		<b>3,267,720</b>	<b>3,436,399</b>
Depreciation and amortisation expense	11	(2,926,392)	(2,971,262)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>341,328</b>	<b>465,138</b>
Finance income		2,384,606	693,654
Finance expenses		(166,795)	(858,830)
<b>NET FINANCE INCOME/(EXPENSE)</b>	7	<b>2,217,811</b>	<b>(165,177)</b>
<b>SURPLUS FOR THE YEAR</b>		<b>2,559,139</b>	<b>299,961</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,559,139</b>	<b>299,961</b>

The Company administers the Mindgardens Alliance on behalf of the Mindgardens Alliance members. As such, Mindgardens Alliance funds are included within the balances in the Total Comprehensive Income for the Year. Refer to note 16 for breakdown of the Mindgardens Alliance results.

*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 31*

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	3,257,265	8,844,488
Trade and other receivables	9	1,024,517	1,083,011
Other Financial assets	10	33,926,039	19,964,490
Inventory		25,626	31,643
<b>TOTAL CURRENT ASSETS</b>		<b>38,233,447</b>	<b>29,923,632</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	11	61,596,632	59,638,621
<b>TOTAL NON CURRENT ASSETS</b>		<b>61,596,632</b>	<b>59,638,621</b>
<b>TOTAL ASSETS</b>		<b>99,830,079</b>	<b>89,562,253</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other payables	12	1,888,040	1,318,105
Employee Benefits	13	2,367,362	2,436,769
Deferred revenue	14	9,554,294	2,554,292
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,809,696</b>	<b>6,309,166</b>
<b>NON CURRENT LIABILITIES</b>			
Employee benefits	13	862,587	654,430
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>862,587</b>	<b>654,430</b>
<b>TOTAL LIABILITIES</b>		<b>14,672,283</b>	<b>6,963,596</b>
<b>NET ASSETS</b>		<b>85,157,796</b>	<b>82,598,657</b>
<b>MEMBERS' FUNDS</b>			
Retained Surplus - Company		81,283,946	78,793,448
Retained Surplus - Mindgardens Alliance	16	1,069,901	1,001,260
Amalgamation Reserve		2,803,949	2,803,949
<b>TOTAL MEMBERS' FUNDS</b>		<b>85,157,796</b>	<b>82,598,657</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 31*

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Amalgamation Reserve	Retained Surplus Company	Retained Surplus Mindgardens Alliance	Total Members' Funds
	\$	\$	\$	\$
<b>OPENING BALANCE AT 1 JANUARY 2018</b>	2,803,949	79,494,747	-	82,298,696
Surplus for the year	-	(701,299)	1,001,260	299,961
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR</b>	-	<b>(701,299)</b>	<b>1,001,260</b>	<b>299,961</b>
<b>CLOSING BALANCE AT 31 DECEMBER 2018</b>	<b>2,803,949</b>	<b>78,793,448</b>	<b>1,001,260</b>	<b>82,598,657</b>
<b>OPENING BALANCE AT 1 JANUARY 2019</b>	2,803,949	78,793,448	1,001,260	82,598,657
Surplus for the year	-	2,490,498	68,641	2,559,139
<b>TOTAL COMPREHENSIVE INCOME FOR YEAR</b>	-	<b>2,490,498</b>	<b>68,641</b>	<b>2,559,139</b>
<b>CLOSING BALANCE AT 31 DECEMBER 2019</b>	<b>2,803,949</b>	<b>81,283,946</b>	<b>1,069,901</b>	<b>85,157,796</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 15 to 31*

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants received		28,704,222	23,973,255
Receipts from donations and fundraising		9,063,577	5,960,449
Sales of FallScreen kits		25,324	30,253
Conference receipts		329,774	41,521
Laboratory services		311,587	113,067
Interest received		259,312	275,721
Other		264,235	1,589,454
Payments to suppliers and employees		(27,688,698)	(26,577,502)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	17	<b><u>11,269,334</u></b>	<b><u>5,406,218</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		17,954	-
Net investments in other financial assets		(12,359,945)	(5,966,147)
Acquisitions of property, plant and equipment		(4,902,357)	(632,028)
Dividends received from investments		523,690	280,312
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>(16,720,658)</u></b>	<b><u>(6,317,863)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(5,451,324)	(911,645)
Cash and cash equivalents at the beginning of the financial year		8,844,488	9,756,133
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b><u>3,393,164</u></b>	<b><u>8,844,488</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 31*

**NEUROSCIENCE RESEARCH AUSTRALIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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 2019 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 and Principal place of Business**

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

**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.

This is the first set of the Company's annual financial statements in which AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit entities has been applied. There was no material impact noted on the recognition and measurement on leases for the year ended. Refer to note 3(e) for impact on recognition and measurement of revenue.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for financial assets recognised through profit or loss which 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 (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Financial Instruments**

*(i) Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*(ii) Classification and measurement of financial assets*

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

*(iii) Subsequent measurement of financial assets*

For the purposes of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

*(a) Financial assets at amortised cost*

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's receivables fall into this category of financial instruments.

Receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

*(b) Financial assets at fair value through profit or loss (FVTPL)*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.



**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**(a) Financial Instruments (continued)**

*(iv) Impairment of financial assets*

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has the following types of financial assets that are subject to AASB 9's new expected credit loss model:

- Trade and other receivables

Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, however no material impact to the financial statement based on the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss.

*(a) Trade and other receivables and contract assets*

Trade and other receivables and contract assets are 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 includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indicators that a debtor or issuer will enter bankruptcy.

As most of these instruments have a high credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument. In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk. In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime expected credit losses.

*(v) Classification and measurement of financial liabilities*

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Group's financial liabilities include, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**(b) 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>2019</b>	<b>2018</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.

**(c) Inventories**

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

**(d) 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 Group'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.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**(d) Employee Benefits (continued)**

*(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.

**(e) Revenue (Policy applicable 1 January 2019 to 31 December 2019)**

*Revenue recognition policy for revenue from contracts with customers (AASB 15)*

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

**Grant income (Non- research)**

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control.

**Sales of goods**

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred. None of the items sold have any warranty attached to them.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**(e) Revenue (Policy applicable 1 January 2019 to 31 December 2019) (continued)**

*Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)*

**Grant income (Non-research)**

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

**Revenue from fundraising**

*Donations*

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control of the asset.

*Bequests*

Bequests are recognised when the company is notified of an impending distribution or the bequest is received, whichever occurs earlier.

Revenue from bequests comprising of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

**Significant estimates and judgements relating to revenue**

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**(f) Revenue (Policy applicable 1 January 2018 to 31 December 2018) & Research Grants (1 January 2019 to 31 December 2019)**

*(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) Grant revenue*

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.

**(g) Finance Income & Costs**

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company right to receive payment is established.

**(h) Income Tax**

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

**(i) 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.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**(j) Changes in significant accounting policies**

**AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities**

AASB decided to defer the application of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities to research grants for all NFP entities to 1 July 2019, with earlier application permitted. NFPs will still be required to apply the standards to other relevant arrangements for 31 December 2019. The Company has adopted AASB 15 Revenue from contracts with Customers and AASB 1058 Income of Not-for-profit Entities for other relevant arrangements for the first time in the current year with a date of initial application of 1 January 2019. The key changes to Company's accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 are described below.

The Company has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated and continues to be reported under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to accumulated funds at 1 January 2019 (if any).

*Nature of change in accounting policy from adoption of AASB 15 and AASB 1058*

The following changes to accounting policy occurred for the Company on adoption of AASB 15 and AASB 1058.

*Grants (non research grants)*

Under AASB 1004, most grant income was initially recognised as a liability and revenue was recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the company obtains control of the funds. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer.

Having reviewed the grants received, all non research grants fall into AASB 1058. There were no material impact noted on the recognition and measurement of revenue for the year end.

**(k) New standards and interpretations not yet adopted**

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted, however, the Company has not early adopted the new or amended standards in preparing these financial statements. Of those standards that are not yet effective there are none which are expected to have a significant impact on the Company's financial statements in the period of initial application.

**(l) 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 (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**4 GRANT REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Research Grants</b>		
Research Income	12,485,886	13,655,126
Infrastructure - MRSP	4,108,584	4,260,580
Infrastructure - UNSW	2,346,303	3,057,483
Infrastructure - Other	153,972	213,280
<b>TOTAL GRANT REVENUE</b>	<b>19,094,745</b>	<b>21,186,469</b>

**5 PERSONNEL EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Wages, salaries, and other personnel expenses	14,525,803	13,448,298
Contributions to superannuation funds	1,314,792	1,333,733
Increase in liability for annual leave	1,009,212	1,069,044
Increase in liability for long service leave	205,806	334,691
<b>TOTAL PERSONNEL EXPENSES</b>	<b>17,055,613</b>	<b>16,185,766</b>

**6 OTHER EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Grant reimbursement	611,664	216,142
Cost of sales	-	5,829
Insurance	191,304	177,598
Fundraising costs	888,572	1,158,816
Travel	741,766	739,732
Repairs and Maintenance	262,294	346,656
Consultants	471,012	213,850
Conference Expenses	136,557	118,607
Scholarships	210,346	581,871
Laboratory supplies	669,751	785,007
Other	4,439,520	3,810,705
<b>TOTAL OTHER EXPENSES</b>	<b>8,622,786</b>	<b>8,154,813</b>

**7 NET FINANCE INCOME**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Interest income	259,312	275,720
Realised gains/(losses) from financial assets	228,940	(93,395)
Unrealised gains/(losses) from financial assets	1,345,947	(638,832)
Dividend income	523,690	280,312
Foreign exchange gains/(losses)	26,717	125,859
Investment management fees	(135,899)	-
Bank charges	(30,896)	(114,841)
<b>TOTAL NET FINANCE INCOME/ (EXPENSE)</b>	<b>2,217,811</b>	<b>(165,177)</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8 CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand	14,850	13,350
Bank Balances	3,242,415	2,831,138
Term Deposits	-	6,000,000
<b>CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS</b>	<b>3,257,265</b>	<b>8,844,488</b>

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

**9 TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade Receivables	628,961	351,976
Sundry Receivables	159,032	529,082
Prepayments	236,524	201,953
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>1,024,517</b>	<b>1,083,011</b>

**10 OTHER FINANCIAL ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Financial assets - fair value through profit or loss	33,926,039	19,964,490
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>33,926,039</b>	<b>19,964,490</b>



**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**Leasehold Improvements**

The Medical Research Buildings are 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>Computer and Electronics \$</b>	<b>Assets under construction</b>	<b>Total \$</b>
Balance at 1 January 2018	59,520,268	12,555,668	85,977	11,446,032	2,756,303	334,185	-	-	86,698,433
Acquisitions	77,581	3,320	-	383,176	5,365	31,286	131,300	-	632,028
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018	59,597,849	12,558,988	85,977	11,829,208	2,761,668	365,471	131,300	-	87,330,461
Balance at 1 January 2019	59,597,849	12,558,988	85,977	11,829,208	2,761,668	365,471	131,300	-	87,330,461
Acquisitions	-	1,502,896	-	2,026,599	26,778	2,321	69,330	1,274,433	4,902,357
Disposals	-	-	-	(79,892)	-	-	-	-	(79,892)
Balance at 31 December 2019	59,597,849	14,061,884	85,977	13,775,915	2,788,446	367,792	200,630	1,274,433	92,152,926

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**Depreciation and Amortisation**

	Building \$	Leasehold improvements \$	Motor vehicles \$	Plant and equipment \$	Furniture and Fittings \$	Computer Software \$	Computer and Electronics \$	Assets under construction	Total \$
Balance at 1 January 2018	9,124,628	6,961,981	58,256	6,945,825	1,526,989	102,899	-	-	24,720,578
Depreciation/amortisation charge for the period	1,529,802	169,588	6,237	890,643	243,843	49,036	82,113	-	2,971,262
Disposals	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018	10,654,430	7,131,569	64,493	7,836,468	1,770,832	151,935	82,113	-	27,691,840
Balance at 1 January 2019	10,654,430	7,131,569	64,493	7,836,468	1,770,832	151,935	82,113	-	27,691,840
Depreciation/amortisation charge for the period	1,485,133	186,893	4,834	926,417	197,574	39,832	85,709	-	2,926,392
Disposals	-	-	-	(61,938)	-	-	-	-	(61,938)
Balance at 31 December 2019	12,139,563	7,318,462	69,327	8,700,947	1,968,406	191,767	167,822	-	30,388,472

**Carrying amounts**

At 1 January 2018	50,395,640	5,593,686	27,721	4,500,207	1,229,314	231,286	-	-	61,977,855
At 31 December 2018	48,943,419	5,427,418	21,484	3,992,740	990,836	213,536	49,187	-	59,638,621
At 1 January 2019	48,943,419	5,427,418	21,484	3,992,740	990,836	213,536	49,187	-	59,638,621
At 31 December 2019	47,458,286	6,743,421	16,650	5,074,968	820,040	176,025	32,808	1,274,433	61,596,632

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**12 TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade Payables	733,884	427,220
Other Payables and Accrued Expenditure	1,154,156	890,885
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>1,888,040</b>	<b>1,318,105</b>

**13 EMPLOYEE BENEFITS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Liability for Annual Leave	857,107	959,331
Liability for Long Service Leave	1,510,255	1,477,438
	<b>2,367,362</b>	<b>2,436,769</b>
<b>NON CURRENT</b>		
Liability for Long Service Leave	862,587	654,430
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>3,229,949</b>	<b>3,091,199</b>

**14 DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Research Grant Deferred Revenue	500,000	500,000
Infrastructure Deferred Revenue	2,054,294	2,054,292
Mindgardens funding	7,000,000	-
	<b>9,554,294</b>	<b>2,554,292</b>

**15 CAPITAL AND OTHER COMMITMENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Within one year	15,002	3,418,925
One year or later and no later than five	34,012	18,124
	<b>49,014</b>	<b>3,437,049</b>

Capital commitments are in relation to the operating lease of photocopiers. Following the adoption of AASB 16, Leases (see note 2), significant property leases reporting as operating leases are now recognised as finance leases. In the prior year capital commitments were in relation to building works and operating lease of photocopiers.

**16 MINDGARDENS NEUROSCIENCE NETWORK**

The Mindgardens Neuroscience Network agreement came into effect on 1 January 2018. Throughout the period, funds were received by the Company on behalf of the Mindgardens Neuroscience Network. The below states the revenue received and expenses incurred by the Company as the administering entity of the Mindgardens Neuroscience Network.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Donations received	1,000,000	1,000,000
Salaries recovery	421,010	421,010
Finance income	137,623	-
	<b>1,558,633</b>	<b>1,421,010</b>
Mindgardens Neuroscience network expenses	(1,489,992)	(419,750)
<b>MINDGARDENS NEUROSCIENCE NETWORK SURPLUS</b>	<b>68,641</b>	<b>1,001,260</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**17 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating surplus	2,559,139	299,961
<b>ADD / (LESS) NON CASH ITEMS</b>		
Amortisation / impairment of leasehold improvements	186,893	169,588
Depreciation	2,739,499	2,801,674
(Decrease) / Increase in Financial Assets	(1,601,605)	606,367
Dividend income	(523,690)	(280,312)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGES IN ASSETS &amp; LIABILITIES</b>	<b>3,360,236</b>	<b>3,597,278</b>
<b>CHANGES IN ASSETS &amp; LIABILITIES</b>		
Increase / (Decrease) in Payables	569,935	(139,908)
(Decrease) / Increase in Provisions	138,750	684,684
Increase in Deferred Revenue	7,000,002	677,194
Decrease in Receivables	58,495	584,714
Decrease in Inventory	6,017	2,256
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>11,133,435</b>	<b>5,406,218</b>

**18 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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Key management personnel compensation	1,359,701	1,261,516
<b>TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION</b>	<b>1,359,701</b>	<b>1,261,516</b>

No other key management transactions outside those noted were identified during the year.

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**18 RELATED PARTIES (CONTINUED)**

**Identity of Related Parties**

The Company has a related party relationship with its controlled entities (see Note 21), associates, and with its key management personnel.

**Other Related Party Transactions**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
South Eastern Sydney Local Health Network - Rent paid	1	1
UNSW - Infrastructure funds received	2,346,303	3,057,483
UNSW - Grants received	10,649,451	10,155,105
UNSW - Lab consumables & other purchases	-	45,065
UNSW - Mindgardens Alliance - salary recovery funding	421,040	421,010
Donations received from Neuroscience Research Australia Foundation	4,160,794	3,009,848
Donations received from Schizophrenia Research Institute	-	375,434
Research Expenses received from Schizophrenia Research Institute	639,393	-
Interest expensed to Neuroscience Research Australia Foundation*	78,423	99,611

\* On 12 December 2013, Neuroscience Research Australia entered into a loan facility as borrower with Neuroscience Research Australia Foundation. In December 2019 the year's interest expense of \$78,423 was paid. The loan facility balance at the end of the year is \$2,221,033.

Related parties have also made donations towards Neuroscience Research Australia as per below:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Donations to Mindgardens Neuroscience Network*	1,000,000	1,000,000
<b>TOTAL DONATIONS</b>	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

\*Director owned Company

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**19 PARENT ENTITY**

As at, and throughout, the financial year ended 31 December 2019 the parent entity of the Group was Neuroscience Research Australia.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>RESULTS OF THE PARENT ENTITY</b>		
Surplus/(Loss) for the Year	(80,487)	1,260,516
Other Comprehensive Income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(80,487)</b>	<b>1,260,516</b>
<b>FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END</b>		
Current Assets	22,816,404	16,853,380
Total Assets	84,413,036	76,492,001
Current Liabilities	16,041,211	8,154,237
Total Liabilities	16,810,188	8,808,667
<b>TOTAL MEMBERS' FUNDS TO THE PARENT ENTITY COMPRISING OF</b>		
Retained Surplus	67,602,848	67,683,335
<b>Total Members Funds</b>	<b>67,602,848</b>	<b>67,683,335</b>

**NEUROSCIENCE RESEARCH AUSTRALIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**20 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>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Gross proceeds from fundraising	8,053,577	4,955,580
Less: Direct costs of fundraising	(2,077,828)	(2,395,281)
Net surplus obtained from fundraising appeals	<b>5,975,749</b>	<b>2,560,299</b>
This surplus was allocated to:		
Expenditure on research	2,289,431	962,655
Transfer to accumulated funds for building development	1,871,364	-
Transfer of accumulated funds for future research expenditure	1,814,955	1,597,644
<b>TOTAL ALLOCATION</b>	<b>5,975,750</b>	<b>2,560,299</b>

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

**21 CONTROLLED ENTITIES**

<b>Particulars in relation to controlled entities</b>	<b>2019</b>	<b>2018</b>
Neuroscience Research Australia		
<b>Controlled Entities</b>		
Neuroscience Technologies Pty Ltd	0%	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 was deregistered on the 8 March 2019. 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.

**22 SUBSEQUENT EVENTS**

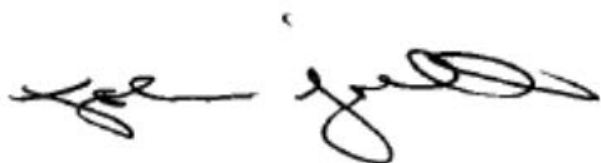
The spread of the coronavirus COVID-19 in early 2020 has had a material impact on the value of the Group's investments, with an unrealised decline in value of 9.1% noted as at the date of the Directors' Report.

There is also likely to be an impact on the Group's operations as a result of COVID-19. At the date of signing the Directors' Report, the financial impact could not be quantified accurately but Directors do not believe it will affect the Group's capacity to remain a going concern for the foreseeable future. Other than the above development, no other item, transaction or event of a material and unusual nature is likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

**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 11 to 31 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 2019 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.



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**JOHN GRILL AO**  
Chairman



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**PETER SCHOFIELD AO**  
Chief Executive Officer

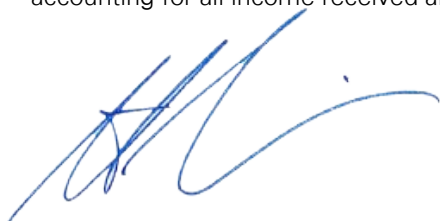
Dated at Sydney this 7<sup>th</sup> day of April 2020



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

I, Peter 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 2019;
- (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 2019;
- (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 2019; 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.



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**PETER SCHOFIELD AO**

Chief Executive Officer

Dated at Sydney this 7<sup>th</sup> day of April 2020



# 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 Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2019, and of its financial performance and its cash flows for the year ended on that date; and
- i. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2019.
- 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 Chief Executive Officer in respect of fundraising appeals of the Company.

### 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 Company 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 Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, 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 this Auditor's Report we have nothing to report.

## Responsibilities of the Directors

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations (the Act 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 and whether the use of the going concern basis of accounting is appropriate. 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.



As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' 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 registered Company'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 registered Company to cease to continue as a going concern.
- v. Evaluate 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.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Acts 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 2019;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2019 to 31 December 2019, 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 2019 to 31 December 2019 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 Company will be able to pay its debts as and when they fall due.



KPMG



Warwick Shanks

Partner

Sydney

7 April 2020