

## **Defence Health Foundation**

(ABN 46 779 527 729)

Trustee: Defence Health Foundation Pty Ltd (ACN 143 629 752)

## **Financial Statements for the year ended 30 June 2018**

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**Registered Office & Principal Place of Business**

Level 4 380 St Kilda Road  
Melbourne VICTORIA 3004

## Directors' Report for the year ended 30 June 2018

The Directors of Defence Health Foundation Pty Ltd as trustee of Defence Health Foundation (the "Directors") submit herewith the Financial Statements of Defence Health Foundation (the "Foundation") for the financial year ended 30 June 2018.

### Directors

The names and detail of the directors of Defence Health Foundation Pty Ltd who held office during the financial year are:

Name	Particulars
Ms Julie Anne Blackburn BNurs GradDip Midwifery GAICD	Appointed to the Board in Dec 2011 and as Chair in November 2013. Ms Blackburn is a Director of Defence Health Ltd.
Major General Gerard Paul Fogarty AO (Ret'd) BBus GradDipMgmt MBA MSS(USA) GAICD	Appointed to the Board in May 2010. Resigned as Chair in November 2013. Major General Fogarty is a Director of Members Own Health Funds Ltd, a Director of Private Healthcare Australia Ltd, a Director of Trigea Pty Ltd, the CEO of Defence Health Ltd, is a member of the Army Standby Reserve and was a Director of HAMBS Systems Ltd, resigned on 11 September 2017.
Colonel Anthony Hambleton AM GAICD	Appointed to the Board in February 2014. Current term expires at the end of the Annual General Meeting to be held in 2021. Colonel Hambleton was appointed Chairman of the Nomination and Remuneration Committee for the entire year in November 2016. Colonel Hambleton is a Director of Defence Health Foundation Pty Ltd. Colonel Hambleton is a member of the Army Standby Reserve and the appointed Director of Chief of Army.
Air Vice-Marshal Christopher Geoffrey Spence AO BSc(Melb) FAIM FAICD	Appointed to the Board in May 2010 and is the Responsible Person. Air Vice-Marshal Spence is Chairman, Shrine of Remembrance Trustees, a Director of Aerospace Australia Ltd and is a member of the RAAF Active Reserve.

### Company Secretary

Mr Andrew Guerin LLB, BEc, FGIA was appointed Company Secretary in May 2010. Mr Guerin is also the Company Secretary of Defence Health Ltd, a Director of Rowing Australia Ltd and the Chief Executive Officer of Trigea Pty Ltd.

### Directors' Meetings

During the financial year 3 meetings were held.

The number of Board meetings held during the financial year and the number of meetings attended by each Director, are shown below.

	Board of Directors	
	Held	Attended
J Blackburn*	3	3
G P Fogarty	3	3
A Hambleton	3	3
C G Spence	3	3

\* Chair

### Principal Activities

The principal activity of the Foundation is to fund medical research for the benefit of the Defence Community. There were no significant changes in the nature of the Foundation's activities during the financial year.

### Review of Operations

During 2017-18, the Foundation approved funding for three new grants, approved an increase in an existing grant and announced to the medical research community that it invites expressions of interest for further grants.

The Foundation's net loss for the financial year ending 2018 is \$303,540 (2017: loss of \$326,673). The losses are in accordance with Board's agreed strategy and the company remains in a sound financial position.

The Foundation's total income was \$29,574 (2017: \$33,155), which is solely from investment income.

Effective from July 2016, Foundation staff costs were paid by Defence Health Limited, except the remuneration for the Responsible Person of the Foundation.

### Significant Changes in the State of Affairs

During 2017-18 there were no significant changes in the State of Affairs for Defence Health Foundation.

### Subsequent Events

There has not been any matter or circumstances occurring subsequent to the end of financial year that has significantly affected, or may significantly affect, the operations of the Foundation.


### Indemnification of Directors and Officers

During the financial year, the Foundation held insurance in respect of covering each of the Directors and executive Officers of the Foundation against liabilities and expenses arising from any claim(s) made against them as a result of work performed in their respective capacities to the extent permitted by law.

  
.....  
Air Vice-Marshal Christopher Geoffrey Spence AO

Director of the Trustee

14 September 2018

  
.....  
Ms Julie Anne Blackburn

Director of the Trustee

14 September 2018

## Income statement and other comprehensive income for the financial year ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Income</b>		
Interest income	30	33
<b>Total income</b>	<b>30</b>	<b>33</b>
<b>Expenses</b>		
Administration	(41)	(36)
Research grants awarded	(292)	(324)
<b>Total expenses</b>	<b>(333)</b>	<b>(360)</b>
<b>Loss for the year</b>	<b>(303)</b>	<b>(327)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the period</b>	<b>(303)</b>	<b>(327)</b>

The income statement and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of financial position as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	2	46	187
Trade and other receivables	3	65	29
Other financial assets	4	1,000	1,100
<b>Total current assets</b>		<b>1,111</b>	<b>1,316</b>
<b>Total assets</b>		<b>1,111</b>	<b>1,316</b>
<b>Current liabilities</b>			
Trade and other payables	5	390	292
<b>Total current liabilities</b>		<b>390</b>	<b>292</b>
<b>Total liabilities</b>		<b>390</b>	<b>292</b>
<b>Net assets</b>		<b>721</b>	<b>1,024</b>
<b>Equity</b>			
Retained earnings		721	1,024
<b>Total equity</b>		<b>721</b>	<b>1,024</b>

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

## Statement of changes in equity for the financial year ended 30 June 2018

	Retained Earnings	Total Equity
	\$'000	\$'000
<b>Opening balance at 1 July 2016</b>	<b>1,351</b>	<b>1,351</b>
Loss for the year	(327)	(327)
<b>Balance at 1 July 2017</b>	<b>1,024</b>	<b>1,024</b>
Loss for the year	(303)	(303)
<b>Closing balance at 30 June 2018</b>	<b>721</b>	<b>721</b>

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

## Statement of cash flows for the financial year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Donations received		-	-
Grants paid		(201)	(310)
Payments to suppliers		(64)	(20)
<b>Net cash used in operating activities</b>	<b>6</b>	<b>(265)</b>	<b>(330)</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(2,300)	(2,200)
Proceeds on sale of investment securities		2,400	2,200
Interest received		23	34
<b>Net cash generated by investing activities</b>		<b>123</b>	<b>34</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(142)</b>	<b>(296)</b>
Cash and cash equivalents at the beginning of the year		187	483
<b>Cash and cash equivalents as end of the year</b>	<b>2</b>	<b>46</b>	<b>187</b>

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

## **Note 1 – Summary of significant accounting policies**

Defence Health Foundation was established on the 26<sup>th</sup> of June 2010 under a Deed of Trust. The trustee of Defence Health Foundation (the “Foundation”) is Defence Health Foundation Pty Ltd, incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 4, 380 St Kilda Road Melbourne Victoria 3004.

### **1.1 Statement of compliance**

The Trustee has determined that the Foundation is not a reporting entity and that these special purpose financial statements have been prepared to satisfy the reporting requirements under the Deed of Trust.

The financial statements have been prepared in accordance with the Deed of Trust, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 1054 *Australian Additional Disclosures*, AASB 107 *Cash Flow Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Foundation is a not-for-profit entity.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements were authorised for issue by the directors on 14 September 2018.

### **1.2 Basis of preparation**

These special purpose financial statements have been prepared on the basis of historical cost. All amounts are presented in Australian dollars, unless otherwise noted. The Foundation is a Foundation of the kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors’ report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

### **1.3 Revenue recognition**

The Foundation is a charitable fund and its principal income source is donations and interest. Donation income is measured at the fair value of the consideration received or receivable, where there is a reasonable assurance that monies will be received.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

### **1.4 Receivables**

Trade and other receivables represent donations due to the Foundation where the Foundation has a contractual and enforceable right to receive the amounts recognised.

### **1.5 Payables**

These amounts represent research grants committed to by the Foundation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of invoicing.

### **1.6 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and deposits at call readily convertible to cash on hand, subject to an insignificant risk of changes in value.

## **1.7 Income tax**

The Foundation is a charitable fund and is exempt from income tax.

## **1.8 Goods and Services Tax**

Revenues, 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 Taxation Office (ATO). In these circumstances, the GST is recognised 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 statement of financial position. Cash flows are included in the 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.

## **1.9 Investments and other financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### **Loans and receivables**

Trade receivables, term deposits, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment.

### **Impairment of financial assets**

Financial assets, other than those at fair value through the statement of profit or loss and other comprehensive income, are assessed for indicators of impairment at balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impaired.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of profit or loss and other comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of profit or loss and other comprehensive income to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



### 1.10 Accounting standards issued but not yet effective

The Foundation has adopted all new and revised standards and interpretations effective during the year in the preparation of the financial statements. The adoption of these standards have not affected the amounts reported in these financial statements, but have impacted the level of disclosure included in the notes to the financial statements.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

- AASB 9 'Financial Instruments', and the relevant amending standards
- Effective for annual reporting periods beginning on or after 1 January 2018.  
Expected to be initially applied in financial year ending 30 June 2019.

The directors of the trustee anticipate that the adoption of this Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Foundation.

#### Note 2 – Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank	46	187
<b>Total cash and cash equivalents</b>	<b>46</b>	<b>187</b>

#### Note 3 – Trade and other receivables

	2018 \$'000	2017 \$'000
Interest receivable	11	5
Other receivables	54	24
<b>Total trade and other receivables</b>	<b>65</b>	<b>29</b>

**Note 4 – Other financial assets**

	2018 \$'000	2017 \$'000
Term deposits (i)	1,000	1,100
<b>Total other financial assets</b>	<b>1,000</b>	<b>1,100</b>

(i) Investments held to maturity and carried at amortised cost

**Note 5 – Trade and other payables**

	2018 \$'000	2017 \$'000
Trade Payables	24	18
Research grants awarded	366	274
<b>Total trade and other payables</b>	<b>390</b>	<b>292</b>

**Note 6 – Notes to the statement of cash flows**

	2018 \$'000	2017 \$'000
Reconciliation of loss for the period to net cash flows from operating activities		
Net loss for the year	(303)	(327)
Interest income	(30)	(33)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(30)	15
Increase in trade and other payables	98	15
<b>Net cash outflow from operating activities</b>	<b>(265)</b>	<b>(330)</b>

**Note 7 – Financial instruments**

The Foundation's principal financial instruments comprise cash and term deposits, all with AA rated institutions.

2018	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total
<b>Financial assets</b>						
Cash assets	46	-	-	-	-	46
Trade receivables	62	-	3	-	-	65
Term Deposits	600	-	400	-	-	1,000
	708	-	403	-	-	1,111
<b>Financial liabilities</b>						
Trade payables	36	152	202	-	-	390
	36	152	202	-	-	390

**Note 7 – Financial instruments (cont'd)**

2017	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total
<b>Financial assets</b>						
Cash assets	187	-	-	-	-	187
Trade receivables	24	-	5	-	-	29
Term Deposits	-	-	1,100	-	-	1,100
	211	-	1,105	-	-	1,316
<b>Financial liabilities</b>						
Trade payables	18	-	274	-	-	292
	18	-	274	-	-	292

**Note 8 – Auditor's remuneration**

	2018	2017
Remuneration for audit of the financial reports and regulatory reporting	6,800	6,600
<b>Total remuneration</b>	<b>6,800</b>	<b>6,600</b>

Auditor is Deloitte Touche Tohmatsu.

**Note 9 – Commitments for expenditure**

	2018 \$'000	2017 \$'000
<b>Grant commitments</b>		
Within twelve months	366	274
Later than one year but not later than five years	-	-
	<b>366</b>	<b>274</b>

**Note 10 – Related party transactions**

Defence Health Limited paid the remuneration for the Foundation CEO and other relevant personnel totalling \$62,275.60.

Defence Health Limited is the holding company of the trustee of the Foundation.

**Note 11 – Remuneration of key management personnel**

Remuneration totalling 2018 \$10,940 (2017: \$10,539) was paid to the Responsible Person of the Trustee of the Foundation. Remuneration for CEO and other relevant personnel are being paid by Defence Health Limited (Note 10).

**Note 12 – Subsequent events**

There have not been any matters or circumstances occurring subsequent to the end of financial year that have significantly affected, or may significantly affect, the operations of the Foundation.

## Trustee's Declaration

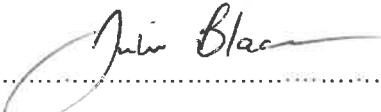
The Directors of Defence Health Foundation Pty Ltd as trustee of Defence Health Foundation declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Foundation is able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Deed of Trust and other relevant regulations, including compliance with the accounting standards listed below and giving a true and fair view of the financial position and performance of the Foundation.
  - Accounting Standards AASB 101 *Presentation of Financial Statements*;
  - AASB 1054 *Australian Additional Disclosures*
  - AASB 107 *Cash Flow Statements*;
  - AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Signed in accordance with a resolution of the Directors of Defence Health Foundation Pty Ltd.

.....  
Air Vice-Marshal Christopher Geoffrey Spence AO  
Director of the Trustee

14 September 2018

  
.....  
Ms Julie Anne Blackburn  
Director of the Trustee

14 September 2018

**Principal Activities**

The principal activity of the Foundation is to fund medical research for the benefit of the Defence Community. There were no significant changes in the nature of the Foundation's activities during the financial year.

**Review of Operations**

During 2017-18, the Foundation approved funding for three new grants, approved an increase in an existing grant and announced to the medical research community that it invites expressions of interest for further grants.

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The Foundation's total income was \$29,574 (2017: \$33,155), which is solely from investment income.

Effective from July 2016, Foundation staff costs were paid by Defence Health Limited, except the remuneration for the Responsible Person of the Foundation.

**Significant Changes in the State of Affairs**

During 2017-18 there were no significant changes in the State of Affairs for Defence Health Foundation.

**Subsequent Events**

There has not been any matter or circumstances occurring subsequent to the end of financial year that has significantly affected, or may significantly affect, the operations of the Foundation.

**Indemnification of Directors and Officers**

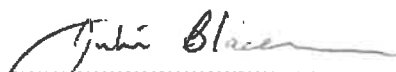
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Air Vice-Marshal Christopher Geoffrey Spence AO

Director of the Trustee

14 September 2018



.....  
Ms Julie Anne Blackburn

Director of the Trustee

14 September 2018

