



## **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 2019**

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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 2019

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 2019.

### 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 Australian Health Services Alliance Ltd, the CEO of Defence Health Ltd and is a member of the Army Standby Reserve.
Colonel Anthony Hambleton AM GAICD	Appointed to the Board in February 2014. Colonel Hambleton is a Director of Defence Health Ltd, 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 and a Director of Rowing Australia 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	2
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 2018-19, the Foundation approved funding for four new grants 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 2019 is \$138,972 (2018: loss of \$303,540). 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 \$23,908 (2018: \$29,574), 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**

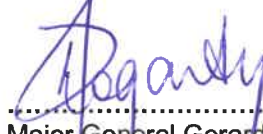
During 2018-19 there were no significant changes in the state of affairs of Defence Health Foundation.

**Subsequent Events**

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

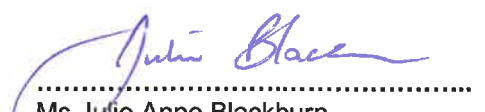
**Indemnification of Directors and Officers**

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.

  
.....  
Major General Gerard Paul Fogarty AO (Ret'd)

Director of the Trustee

13 September 2019

  
.....  
Ms Julie Anne Blackburn

Director of the Trustee

13 September 2019

## Statement of profit or loss and other comprehensive income

for the financial year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>Income</b>		
Interest income	24	30
<b>Total income</b>	24	30
<b>Expenses</b>		
Administration	(33)	(41)
Research grants awarded	(130)	(292)
<b>Total expenses</b>	(163)	(333)
<b>Loss for the year</b>	<b>(139)</b>	<b>(303)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the period</b>	<b>(139)</b>	<b>(303)</b>

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

## Statement of financial position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	2	64	46
Trade and other receivables	3	36	65
Other financial assets	4	801	1,000
<b>Total current assets</b>		<b>901</b>	<b>1,111</b>
<b>Total assets</b>		<b>901</b>	<b>1,111</b>
<b>Current liabilities</b>			
Trade and other payables	5	319	390
<b>Total current liabilities</b>		<b>319</b>	<b>390</b>
<b>Total liabilities</b>		<b>319</b>	<b>390</b>
<b>Net assets</b>		<b>582</b>	<b>721</b>
<b>Equity</b>			
Retained earnings		582	721
<b>Total equity</b>		<b>582</b>	<b>721</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 2019

	Retained Earnings \$'000	Total Equity \$'000
<b>Opening balance at 1 July 2017</b>	<b>1,024</b>	<b>1,024</b>
Loss for the year	(303)	(303)
<b>Balance at 1 July 2018</b>	<b>721</b>	<b>721</b>
Loss for the year	(139)	(139)
<b>Closing balance at 30 June 2019</b>	<b>582</b>	<b>582</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 2019

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Donations received		-	-
Grants paid		(205)	(201)
Payments to suppliers		(5)	(64)
<b>Net cash used in operating activities</b>	<b>6</b>	<b>(210)</b>	<b>(265)</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(1,251)	(2,300)
Proceeds on sale of investment securities		1,450	2,400
Interest received		29	23
<b>Net cash generated by investing activities</b>		<b>228</b>	<b>123</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18</b>	<b>(142)</b>
Cash and cash equivalents at the beginning of the year		46	187
<b>Cash and cash equivalents as end of the year</b>	<b>2</b>	<b>64</b>	<b>46</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 financial statements were authorised for issue by the directors on 13 September 2019.

### **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 Financial instruments

### *Initial measurement*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial liabilities and financial assets other than trade receivables without a significant financing component are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are adjusted against fair value of the financial assets or financial liabilities, on initial recognition.

### *Subsequent measurement*

Financial assets are required to be subsequently measured at Amortised Cost, Fair Value Through Other Comprehensive Income ("FVTOCI") and Fair Value Through Profit and Loss ("FVTPL").

### *Amortised cost*

This includes financial assets managed under a business model to hold the assets in order to collect the contractual cash flows (CCFs) and those cash flows represent solely payments of principal and interest (SPPI).

The foundation financial assets are subsequently measured at amortised cost. There are no financial assets that are categorised at FVTOCI or FVTPL.

### *Derecognition of financial assets*

The foundation derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

### **Impairment of financial assets**

The impairment requirements for financial assets are based on a forward-looking Expected Credit Loss ("ECL") model. The model applies to debt instruments measured at amortised cost or at FVTOCI.

### *Expected credit losses (ECL)*

Financial assets are required to determine the ECL to recognise the possible loss derived from the Financial Asset.

As the financial assets in question relate to term deposits and interest receivable from AA rated banks there is no expected credit loss likely to be incurred.



### 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.

#### **Impact of initial application of IFRS 9 *Financial Instruments***

In the current year, the foundation has applied AASB 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 July 2018.

AASB 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities; and
- 2) Impairment of financial assets.

The foundation has applied AASB 9 in accordance with the transition provisions set out in AASB 9.

#### *Classification and measurement of financial assets*

The date of initial application is 1 July 2018. Accordingly, the Group has applied the requirements of AASB 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of AASB 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

In the current year the foundation assessed the existing financial assets at 1 July 2018. Based on this assessment financial assets classified as held-to-maturity and loans and receivables under AASB 139 that were measured at amortised cost continue to be measured at amortised cost under AASB 9.

There is no material impact to the measurement of the financial assets.

#### *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 foundation 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.

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

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• AASB 16 'Leases', and the relevant amending standards</li></ul> | <p>Effective for annual reporting periods beginning on or after 1 January 2019.</p> <p>Expected to be initially applied in financial year ending 30 June 2020.</p> |
|---|--|

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**

	2019 \$'000	2018 \$'000
Cash at bank	64	46
<b>Total cash and cash equivalents</b>	<b>64</b>	<b>46</b>

**Note 3 – Trade and other receivables**

	2019 \$'000	2018 \$'000
Interest receivable	7	11
Other receivables	29	54
<b>Total trade and other receivables</b>	<b>36</b>	<b>65</b>

**Note 4 – Other financial assets**

	2019 \$'000	2018 \$'000
Term deposits (i)	801	1,000
<b>Total other financial assets</b>	<b>801</b>	<b>1,000</b>

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

**Note 5 – Trade and other payables**

	2019 \$'000	2018 \$'000
Trade Payables	28	24
Research grants awarded	291	366
<b>Total trade and other payables</b>	<b>319</b>	<b>390</b>

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

	2019 \$'000	2018 \$'000
Reconciliation of loss for the period to net cash flows from operating activities		
Net loss for the year	(139)	(303)
Interest income	(24)	(30)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	25	(30)
Increase in trade and other payables	(72)	98
<b>Net cash outflow from operating activities</b>	<b>(210)</b>	<b>(265)</b>

**Note 7 – Financial instruments**

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

2019	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	Total \$'000
<b>Financial assets</b>				
Cash assets	64	-	-	64
Trade receivables	30	6	-	36
Term Deposits	151	650	-	801
	245	656	-	901
<b>Financial liabilities</b>				
Trade payables	125	158	36	319
	125	158	36	319
2018	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	Total \$'000
<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 8 – Auditor's remuneration**

	2019	2018
Remuneration for audit of the financial reports and regulatory reporting	6,800	6,800
<b>Total remuneration</b>	<b>6,800</b>	<b>6,800</b>

The auditor is Deloitte Touche Tohmatsu.

**Note 9 – Commitments for expenditure**

	2019 \$'000	2018 \$'000
<b>Grant commitments</b>		
Within twelve months	255	366
Later than one year but not later than five years	36	-
	<b>291</b>	<b>366</b>

**Note 10 – Related party transactions**

Defence Health Limited paid the remuneration for the Foundation CEO and other relevant personnel totalling \$71,082.

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

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

Remuneration totalling 2019 \$11,264 (2018: \$10,940) 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.



Major General Gerard Paul Fogarty AO (Ret'd)  
Director of the Trustee

13 September 2019



Ms Julie Anne Blackburn  
Director of the Trustee

13 September 2019