

**Royal Brisbane & Women's Hospital Foundation
(ABN 37 882 212 480)**

Financial Report

For the year ended 30 June 2009

THE ROYAL BRISBANE AND WOMEN'S HOSPITAL FOUNDATION

YEAR ENDED 30 JUNE 2009

PURPOSE AND SCOPE

The Royal Brisbane and Women's Hospital Foundation is established by Order in Council under the Hospitals Foundations Act 1982 and is a statutory body within the meaning given in the Financial Administration and Audit Act 1977.

In accordance with the provisions of the Financial Administration and Audit Act and other prescribed requirements, these statements have been prepared:

- to provide an accounting for the custody and management of moneys and resources under the control of the Royal Brisbane and Women's Hospital Foundation; and
- to disclose the results of operations of the Royal Brisbane and Women's Hospital Foundation during the year and to indicate the financial position of the Royal Brisbane and Women's Hospital Foundation at the end of the year.

The Statements are general purpose in nature and reflect the whole of the activities of the Royal Brisbane and Women's Hospital Foundation.

INCOME STATEMENT
For the year ended 30 June 2009

	Note	2009 \$	2008 \$
Revenue	2	3,549,578	2,587,931
Event expenses		(165,186)	(37,819)
Fundraising expenses	3	(870,864)	(1,061,008)
Research administration and clinical trials	4	(616,080)	(642,697)
Administration expenses	5	(171,397)	(208,498)
Merchandising expenses		(50,477)	(38,819)
Research grants	7	<u>(1,188,273)</u>	<u>(1,624,361)</u>
Operating surplus/(deficit) before investing activities and income tax		487,301	(1,025,271)
Financial income	8	412,941	427,537
Financial expenses	8	<u>(474,782)</u>	<u>(188,261)</u>
Net financing income		<u>(61,841)</u>	<u>239,276</u>
Operating surplus/(deficit) before income tax		425,460	(785,995)
Income tax expense	1 (c)	-	-
Net surplus/(deficit) for the year		<u>425,460</u>	<u>(785,995)</u>

The income statement should be read in conjunction with the accompanying notes to the financial statements set out on pages 5 to 12.

BALANCE SHEET
As at 30 June 2009

	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	9	1,969,297	1,145,600
Trade and other receivables	10	776,502	723,630
Inventories	11	86,440	6,996
Other assets	12	4,705	3,835
Total current assets		<u>2,836,944</u>	<u>1,880,061</u>
NON-CURRENT ASSETS			
Other financial assets	13	4,602,027	4,886,089
Property, plant and equipment	14	41,536	53,199
Total non-current assets		<u>4,643,563</u>	<u>4,939,288</u>
TOTAL ASSETS		<u>7,480,507</u>	<u>6,819,349</u>
CURRENT LIABILITIES			
Trade and other payables	15	893,824	695,964
Employee benefits	16	44,884	37,727
Provisions	17	347,316	265,005
Total current liabilities		<u>1,286,024</u>	<u>998,696</u>
NON-CURRENT LIABILITIES			
Employee benefits	16	9,555	8,075
Provisions	17	-	-
Total non-current liabilities		<u>9,555</u>	<u>8,075</u>
TOTAL LIABILITIES		<u>1,295,579</u>	<u>1,006,771</u>
NET ASSETS		<u>6,184,928</u>	<u>5,812,578</u>
EQUITY			
Reserves	18	127,225	180,335
Accumulated surplus		<u>6,057,703</u>	<u>5,632,243</u>
		<u>6,184,928</u>	<u>5,812,578</u>

The Balance Sheet should be read in conjunction with the accompanying notes to the financial statements set out on pages 5 to 12.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

	Note	Accumulated surplus	Financial Assets Revaluation Reserve	Total
		\$	\$	\$
Balance at 1 July 2007		5,576,374	872,392	6,448,766
Prior period adjustment upon change of accounting policy	1 (n)	<u>841,864</u>	-	<u>841,864</u>
As restated		6,418,238	872,392	7,290,630
Net change in fair value of available-for-sale investment	13	-	(692,057)	(692,057)
Net deficit for the year		(785,995)	-	(785,995)
Balance at 30 June 2008		<u>5,632,243</u>	<u>180,335</u>	<u>5,812,578</u>
Net change in fair value of available-for-sale investment	13	-	(53,110)	(53,110)
Net surplus for the year		<u>425,460</u>	-	<u>425,460</u>
Balance as at 30 June 2009		<u>6,057,703</u>	<u>127,225</u>	<u>6,184,928</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements set out on pages 5 to 12.

CASH FLOW STATEMENT
For the year ended 30 June 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donations and functions		2,083,277	1,845,282
Receipts of NHMRC and other grants		699,746	43,957
Car park rental income		923,482	641,651
Net GST received from the ATO		15,399	119,731
Payments to research administration, clinical trials expenses and research grants		(1,845,180)	(2,529,421)
Payments to suppliers and employees		(1,211,076)	(1,404,511)
Net Cash From/(Used In) Operating Activities	19	<u>665,648</u>	<u>(1,283,311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale/(Purchase) of investments	13	-	550,000
Purchase of fixed assets	14	(8,835)	(8,125)
Investment income received		166,884	201,705
Net Cash From/(Used) in Investing Activities		<u>158,049</u>	<u>743,580</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase/(decrease) in cash flows		823,697	(539,731)
Cash and cash equivalents at 1 July		1,145,600	1,685,331
Cash and cash equivalents at 30 June	9	<u>1,969,297</u>	<u>1,145,600</u>

The Cash Flow Statement should be read in conjunction with the accompanying notes to the financial statements set out on pages 5 to 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The Royal Brisbane and Women's Hospital Foundation ("the Foundation") is a not-for-profit entity domiciled in Australia. The financial report was authorised for issue by the Board on 31st August 2009.

(a) Statement of Compliance

The financial report of the Foundation is a general purpose financial report which has been prepared in accordance with the Financial Administration and Audit Act 1977, the Financial Management Standards 1997 and Australian Accounting Standards adopted by the Australian Accounting Standards Board ('AASB').

(b) Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs, as modified by the revaluation of available-for-sale financial assets at fair value. The financial report is presented in Australian dollars.

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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.

(c) Taxation**Income Tax**

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant to Section 50-5 of the Income Tax Assessment Act (1997). Accordingly, no income tax has been provided for in these financial statements.

Goods and Services Tax

The Foundation is registered for the Federal Government's Goods and Services Tax (GST). The Foundation adopts the accruals basis of GST. Accordingly, revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or current liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable, or payable to, the ATO are classified as operating cash flows.

(d) Property, Plant and Equipment

Each class of Property, Plant and Equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses, refer accounting policy 1 (e).

Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Assets are depreciated over their estimated useful lives to the Foundation, commencing from the time the asset is held ready for use. The Foundation adopts the straight line method of depreciation. Depreciation rates and methods are reviewed annually for appropriateness. Ranges of depreciation rates applied in both the current and prior years are as follows:

	Depreciation Rate
Furniture & fittings	33.33%
Computer Equipment	33.33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount: Note 1 (e).

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Impairment of Assets**

At each reporting date, the Foundation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

i. Calculation of recoverable amount

The recoverable amount of the Foundation's investments in held-to-maturity investments and receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

ii Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a held-to-maturity investment or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee Benefits**Superannuation**

Obligations for contributions to superannuation funds are charged as expenses in the Income Statement as incurred.

Long-term service benefits

The Foundation's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increase in wage and salary rates and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Foundation's obligations.

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date representing present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Foundation expects to pay at reporting dates.

No provision for employee's entitlement to sick leave has been made, or is considered necessary, as the amount expected to be taken in future periods will not be greater than entitlement which are expected to accrue in those periods.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(h) Revenue

Revenue from fundraising and bequests are recognised as income when received. The amount and timing of receipts is dependent on a number of fundraising activities including direct mail donations, personal and corporate donations and special events. Bequest income varies from year-to-year depending on the number and value of bequests received.

Research grants administered by the Foundation are recognised as income when they accrue. Other research grants are recognised as income when received.

Income from clinical trials is recognised as income when received and is principally determined by the number of trials conducted during the year.

Interest revenue and income from managed fund investments are recognised as they accrue.

Other revenue is recognised when the right to receive the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

i) Receivables

Trade and other receivables are stated at cost less any impairment losses. The amount of any impairment is recognised in the Income Statement within administration expenses.

(j) Payables

A liability is recorded for goods and services received prior to balance sheet date, whether invoiced to the Foundation or not. Trade creditors are normally settled within 30 to 60 days.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realised value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Financial Instruments Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

i) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Income Statement in the period in which they arise.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

iii) Held-to-maturity investments

These investments have fixed maturities, and it is the Foundation's intention to hold these investments to maturity. Any held-to-maturity investments held by the Foundation are stated at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments Recognition (Continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

Impairment

At each reporting date, the Foundation assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Income Statement.

(m) Services Provided by the Royal Brisbane and Women's Hospital

The financial report does not include details of certain services provided free of charge. These include payroll and accounting services, accommodation, electricity and some office furniture provided by the Royal Brisbane and Women's Hospital. It is not practicable to calculate a reliable estimate of the value of these services.

(n) Provisions

Provisions for research grants are recorded when the Foundation has a present obligation, either legal or constructive as a result of a past event. Present obligation arises upon the receipt of acceptance letters from the grant recipients. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

There have been a change in accounting policy. In previous years, research grants were accounted for when grants were awarded. Grants are now recorded as described above. The impact of this change in accounting policy was to decrease the grant expense and to reduce provision for grants for the year ended 30 June 2009 by \$565,262 and \$1,012,314 respectively (2008: increase grant expense and reduce provision for grants by \$394,812 and \$387,060 respectively).

(o) Comparatives

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New standards and interpretations not yet adopted
 The following standards, amendments to standards and interpretations are available for early adoption for the year ended 30 June 2009, but have not been applied in preparing this financial report:

- AASB 3 *Business Combinations* (March 2008)
- AASB 8 *Operating Segments* (Feb 2007)
- AASB 101 *Presentation of Financial Statements* (September 2007)
- AASB123 *Borrowing Costs* (June 2007)
- AASB 127 *Consolidated and Separate Financial Statements* (March 2008)
- AASB 2007-3 *Amendments to Australian Accounting Standards* arising from AASB 8
- AASB 2007-6 *Amendments to Australian Accounting Standards* arising from AASB 123
- AASB 2007-8 *Amendments to Australian Accounting Standards* arising from AASB101
- AASB 2007-9 *Amendments to Australian Accounting Standards* arising from the Review of AAS27,29 and 31
- AASB 2008-1 *Amendments to Australian Accounting Standards- Share-based Payments: Vesting Conditions and Cancellations*
- AASB 2008-2 *Amendments to Australian Accounting Standards –Puttable Financial Instruments and Obligations arising on Liquidation*
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB3 and AASB 127*
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)*
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project (July 2008)*
- AASB 2008-8: *Amendments to Australian Accounting Standards-Eligible Hedged Items [AASB139]*
- AASB 2008-13:*Amendments to Australian Accounting Standards arising from AASB Interpretation 15: Agreements for the Construction of Real Estate*
- AASB Interpretation 16: *Hedges of a Net Investment in a Foreign Operation*
- AASB Interpretation 17: *Distributions of Non-cash Assets to Owners*

The Foundation will need to comply with the revised version of AASB101 Presentation of Financial Statements as from 2007-10. The revised standard does not have measurement or recognition implications. However, in line with the new concept of 'comprehensive income' in the revised AASB 101, there will be significant changes in the presentation of the Foundation's income and expenses that are currently presented in the Income Statement and the Statement of Changes in Equity. Ignoring other potential impacts on the operating result, if the revised AASB 101 was applied by the Foundation for 2008/09 reporting, it would have reported comprehensive income of \$372,350 for the year. In addition, where there have been retrospective accounting policy changes, retrospective re-statement of items in the financial statement or re-classifications of financial statement items during the current reporting period, the revised AASB 101 will require a statement of financial position to be presented as at the beginning of the earliest comparative period included in the financial statement.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Foundation, or have no material impact on the Foundation.

NOTE 2 REVENUE

	2009 \$	2008 \$
Fundraising Activities, Special Events, Donations and Bequests		
Bequests & memorial gifts	224,557	110,460
Donations received	724,865	746,384
Non-tax deductible gifts	32,279	27,070
Fundraising projects	498,917	230,341
	<u>1,480,618</u>	<u>1,114,255</u>
Merchandising Activities		
Sale of merchandise and raffles	166,733	99,272
Research Grants and Clinical Trials		
Clinical trials	225,400	367,146
Research grants	543,233	185,557
	<u>768,633</u>	<u>552,703</u>
Non-operating Activities		
Rental income	1,133,474	821,296
Others	120	405
	<u>1,133,594</u>	<u>821,701</u>
Total revenue	<u>3,549,578</u>	<u>2,587,931</u>

NOTE 3 FUNDRAISING EXPENSES

Salaries and associated costs	545,766	681,967
Other fundraising expenses	325,098	379,041
	<u>870,864</u>	<u>1,061,008</u>

NOTE 4 RESEARCH ADMINISTRATION AND CLINICAL TRIALS

Bancroft Centre overheads	170,280	154,800
Clinical trial expenses	29,111	36,391
Salaries and associated on-costs	272,570	289,962
Other research expenses	144,119	161,544
	<u>616,080</u>	<u>642,697</u>

NOTE 5 ADMINISTRATION EXPENSES

Audit related costs	11,470	10,350
Depreciation	20,498	18,347
Salaries and associated costs	84,895	95,002
Other administration expenses	54,534	84,799
	<u>171,397</u>	<u>208,498</u>

NOTE 6 EMPLOYMENT EXPENSES

Wages and salaries	784,632	975,672
Superannuation	62,254	83,116
Annual leave expense	5,240	3,960
Long service leave expense	3,397	4,184
Termination payment	47,450	-

Employee Related Expenses		
Workers compensation premium	2,418	2,465
Total	<u>905,391</u>	<u>1,069,397</u>

The employment expenses are included in the fundraising expenses, research administration and clinical trials and administration expense.

Number of Employees	<u>9</u>	<u>11</u>
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Executive Remuneration

The number of senior executives who received or were total remuneration of \$100,000 or more

\$120,000 to \$139,999	1	-
\$180,000 to \$199,999	1	1
	<u>2</u>	<u>1</u>
	\$	\$
Total remuneration of executives shown above	<u>188,234</u>	<u>191,088</u>

NOTE 7 RESEARCH GRANTS

	2009 \$	2008 \$
Research grants	<u>1,188,273</u>	<u>1,624,361</u>

Research grants are accounted for when the grant agreements are entered into by the Foundation and grant recipients. There has been a change in accounting policy. In previous years, research grants were accounted for when grants were awarded. The impact of this change in accounting policy was to decrease the grant expenditure and to reduce liability for year ended 30 June 2009 by \$565,262 and \$1,012,314 respectively (2008: increase grant expenditure and reduce grant liabilities by \$394,812 and \$387,060 respectively).

NOTE 8 FINANCING INCOME & EXPENSES

Income		
Interest income-investments & bank accounts	214,442	204,864
Dividend income	198,499	222,673
	<u>412,941</u>	<u>427,537</u>
Expenses		
Realised loss on investments	474,782	188,261

NOTE 9 CASH AND CASH EQUIVALENTS

Petty cash and floats	705	705
General bank account	165,025	165,969
Research bank account	477,181	289,090
Cash management and term deposits	1,326,386	689,836
Cash assets	<u>1,969,297</u>	<u>1,145,600</u>

NOTE 10 TRADE AND OTHER RECEIVABLES

Current		
Trade debtors	55,831	169,010
Accrued income	633,528	425,370
Investment income receivable	61,250	59,022
Net GST receivable	22,263	60,998
Other receivables	3,630	9,230
	<u>776,502</u>	<u>723,630</u>

NOTE 11 INVENTORIES

Merchandising stock	<u>86,440</u>	<u>6,996</u>
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NOTE 12 OTHER ASSETS

Prepayments	<u>4,705</u>	<u>3,835</u>
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NOTE 13 OTHER FINANCIAL ASSETS

Available-for-sale financial assets		
Opening balance, at fair value	4,886,089	6,100,057
Additions/(Disposals)	-	(550,000)
Movement during the year	(230,952)	28,089
Change in fair value	(53,110)	(692,057)
Closing balance, at fair value	<u>4,602,027</u>	<u>4,886,089</u>

Cost	<u>4,474,802</u>	<u>4,705,754</u>
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Available-for-sale financial assets include investments in the following:

	2009		2008	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Cash	1,479,514	1,479,514	1,371,580	1,371,580
Fixed interest fund	692,170	872,447	786,662	862,472
Australian equities fund	2,424,518	2,117,966	1,957,969	1,679,720
International equities fund	-	-	759,829	787,107
Australian shares	5,825	4,875	10,050	4,875
	<u>4,602,027</u>	<u>4,474,802</u>	<u>4,886,089</u>	<u>4,705,754</u>

NOTE 14 PROPERTY, PLANT & EQUIPMENT

	Furniture & fittings \$	Computer Equipment \$	Total \$
Cost			
Balance at 1 July 2007	72,431	13,737	86,168
Donations	-	6,690	6,690
Additions	-	8,125	8,125
Balance at 30 June 2008	<u>72,431</u>	<u>28,552</u>	<u>100,983</u>
Balance at 1 July 2008	72,431	28,552	100,983
Additions	-	8,835	8,835
Balance at 30 June 2009	<u>72,431</u>	<u>37,387</u>	<u>109,818</u>
Depreciation and impairment loss			
Balance at 1 July 2007	(16,202)	(13,235)	(29,437)
Charge for the year	(13,869)	(4,478)	(18,347)
Balance at 30 June 2008	<u>(30,071)</u>	<u>(17,713)</u>	<u>(47,784)</u>
Balance at 1 July 2008	(30,071)	(17,713)	(47,784)
Charge for the year	(13,868)	(6,630)	(20,498)
Balance at 30 June 2009	<u>(43,939)</u>	<u>(24,343)</u>	<u>(68,282)</u>
Carrying amounts			
At 1 July 2007	56,229	502	56,731
At 30 June 2008	<u>42,360</u>	<u>10,839</u>	<u>53,199</u>
At 1 July 2008	42,360	10,839	53,199
At 30 June 2009	<u>28,492</u>	<u>13,044</u>	<u>41,536</u>

NOTE 15 TRADE AND OTHER PAYABLES

	2009 \$	2008 \$
Current		
Trade creditors	524,943	350,712
Accruals	<u>368,881</u>	<u>345,252</u>
	<u>893,824</u>	<u>695,964</u>

NOTE 16 EMPLOYEE BENEFITS

Current		
Employee benefits - annual leave	30,451	25,211
Employee benefits - long service leave	<u>14,433</u>	<u>12,516</u>
	<u>44,884</u>	<u>37,727</u>
Non-current		
Employee benefits - long service leave	<u>9,555</u>	<u>8,075</u>
Total employee benefits	<u>54,439</u>	<u>45,802</u>

NOTE 17 PROVISIONS

	2009 \$	2008 \$
Research grants		
Opening balance	652,065	1,143,049
Retrospective adjustment upon change in accounting policy 1(n)	<u>(387,060)</u>	<u>(794,524)</u>
As restated	<u>265,005</u>	<u>348,525</u>
Movement during the year	<u>82,311</u>	<u>(83,520)</u>
Closing balance	<u>347,316</u>	<u>265,005</u>
Current	347,316	265,005
Non-Current	<u>-</u>	<u>-</u>
	<u>347,316</u>	<u>265,005</u>

Research grants are recognised as provision when the grant agreements were entered into by both the Foundation and the grant recipients. The Foundation has present a legal obligation to settle the grant when the agreements were signed. The provision has been discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

There has been a change in accounting policy. In previous years, research grants were accounted for when grants were awarded. Grants are now recorded as described above. The impact of this change in accounting policy was to decrease the grant expenditure and to reduce liability for year ended 30 June 2009 by \$565,262 and \$1,012,314 respectively (2008: increase grant expenditure and reduce grant liabilities by \$394,812 and \$387,060 respectively).

NOTE 18 FINANCIAL ASSETS REVALUATION RESERVE

The Financial Assets Revaluation Reserve records revaluations of available-for-sale investments representing unrealised gains in available-for-sale financial assets at balance date.

NOTE 19 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

(a) Reconciliation of cash flow from operations attributable to the Foundation

	Note	2009 \$	2008 \$
Net surplus/(deficit) for the year		425,460	(785,995)
Depreciation		20,498	18,347
Interest income	8	(214,442)	(204,864)
Dividend income	8	(198,499)	(222,673)
Loss/(Gain) on sale of financial assets	8	474,782	188,261
Non-cash donation	14	-	(6,690)
Operating surplus/(deficit) before changes in working capital and provisions		507,799	(1,013,614)
Adjustments for :			
Decrease/(Increase) in			
Receivables		(54,104)	(207,770)
Inventories		(79,444)	24,249
Other current assets			1,457
Increase/(Decrease) in:			
Payables		174,466	56,617
Accruals		(34,009)	(56,223)
Research grants		142,303	(96,172)
Provisions		8,637	8,145
Net Cash (Used in)/Provided by Operating Activities		665,648	(1,283,311)

(b) Non-cash investing activities during the year consisted of loss on sale of financial assets \$474,782 (2008: loss on sale of financial assets of \$188,261 and non-cash donation of computer equipment \$6,690).

(c) There were no non-cash financing activities during the year.

NOTE 20 CONTINGENT LIABILITIES

The Members of the Board are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

(a) Butterfield Street Carpark

During the 1997/1998 financial year, the Royal Brisbane Hospital Research Foundation entered into an agreement with Queensland Health to receive a fixed share of the carpark income from the Butterfield Street carpark. The agreement is for a period of 20 years and expires on 12 January 2018. The Butterfield Street carpark was set up under a BOOT arrangement (Build, Own, Operate and Transfer) with the International Parking Group Pty Ltd.

In 1998, as part of the arrangement, the Royal Brisbane Hospital Foundation received an upfront payment of \$2,425,511 (the initial rent). Under the Deed of Assignment dated 30 June 2000, the Foundation has agreed to the proportional refund of this initial rent in the event of the early termination of the lease. This amount is being amortised over 20 years on a straight-line basis. Accordingly, as at 30 June 2009, the combined unexpired portion of this amount totalled \$1,030,842 (2008: \$1,152,118). Rental income from the Butterfield Street carpark totalled \$1,047,687 for the year (2008: \$821,296).

(b) Tied Funds

As at 30 June 2009 the accumulated funds included some grants, donations and payments which were designated for specific purposes and had not been fully expended and the up-front payment for Butterfield Street Car Park, which is required by the lease deed to be held in trust and amortised over 20 years.

	2009 \$	2008 \$
Tied Funds		
Clinical trials	4,547	186,241
Special donations and bequests	2,551,947	1,878,943
James and Janie Sinnaon Memorial Fund	382,919	360,351
The Sasha Maggiolo Trust Fund	69,782	63,649
LAW Study- BBHWHRC	-	107,163
	3,009,195	2,596,347
Contingent liabilities		
Butterfield Street Carpark	1,030,842	1,152,118
	4,040,037	3,748,465

NOTE 21 COMMITMENTS

	2009	2008
	\$	\$
Grants authorised but not contracted for	<u>1,070,833</u>	<u>325,000</u>
Commitments for grants are payable as follows:		
Not later than one year	664,533	160,000
Later than one year and not later than five years	<u>406,300</u>	<u>165,000</u>
	<u>1,070,833</u>	<u>325,000</u>

NOTE 22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Board Members

Board Members of the Foundation during the period 1 July 2008 to 30 June 2009 are as follows:

Dr John Herron
 Mr John L H Doley
 Ms Jenniwaty Luhur
 Professor Lawrie Powell AC
 Mr Peter Fardoulis (appointed on 21 April 2009)
 Mr Kieran Keyes (resigned on 8 May 2009)
 Mr John J George (appointed on 21 April 2009)
 Mr Bruce Humphrys (appointed on 21 April 2009)

(b) Remuneration of Board Members

All Board Members act in an honorary capacity and no amounts of money or other benefits were received or due and receivable by them for the 2009 financial year.

(c) Professional service provided by HopgoodGanim, of which Bruce Humphrys is the Managing Partner, \$27,207 (2008: Nil).

NOTE 23 SEGMENT INFORMATION

The Foundation is a charitable institution that predominantly provides funding for medical research in the State of Queensland, Australia.

NOTE 24 FINANCIAL INSTRUMENTS**Financial instruments**

The Foundation's activities expose it to a variety of financial risk-interest rate risks, credit risk, liquidity risk and market risk.

The Foundation measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

Credit risk**Exposure to credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Foundation.

Credit risk is managed through maintaining procedure to ensure, to the extent possible, that counterparties to transactions are of sound credit worthiness. Risk is minimised through investing surplus funds in financial institutions that maintain a high credit rating.

The carrying amount of the Foundation's financial assets represents the maximum credit exposure. The Foundation's maximum exposure to credit risk at the reporting date was:

	Carrying value	
	2009	2008
	\$	\$
Available-for-sale financial assets	4,602,027	4,886,089
Receivables	776,502	723,630
Cash and cash equivalents	<u>1,969,297</u>	<u>1,145,600</u>
	<u>7,347,826</u>	<u>6,755,319</u>

Impairment losses

The aging of the Foundation's receivables at the reporting date was:

No past due	720,671	554,620
Past due 0-30 days	55,215	4,906
Past due 31-120 days	616	71,350
Past due 121 days to one year	-	92,754
	<u>776,502</u>	<u>723,630</u>

Based on historic default rates, the Foundation believes that no impairment allowance is necessary in respect of receivables not past due or past due 0-30 days. No impairment loss was recognised (2008: Nil). Exposure to credit risk is monitored on an ongoing basis.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount & contractual cash flows	6 months or less	6 to 12 months	1-2 years
	\$	\$	\$	\$
<i>Non-derivative financial liabilities</i>				
Trade and other payables	893,824	893,824	-	-
Employee benefits	54,439	-	44,884	9,555
Provision	347,316	298,737	48,579	-
	<u>1,295,579</u>	<u>1,192,561</u>	<u>93,463</u>	<u>9,555</u>

There was no derivative financial liabilities at 30 June.

The Foundation manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Foundation has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

NOTE 24 FINANCIAL INSTRUMENTS (Cont'd)**Market risk****Exposure to currency risk**

The Foundation's does not trade or own any financial assets in foreign currency at 30 June 2009 (2008: \$734,103).

Exposure to price risk

Exposure to price risk arises on financial assets recognised at reporting date whereby a change in the financial market prices will affect future cash flows and the fair value of the financial assets.

The Foundation had the following financial assets which are exposed to equity price risk.

	2009 \$	2008 \$
Available for sale financial assets	<u>2,430,343</u>	<u>2,727,848</u>

The following table illustrates sensitivities to the Foundation's exposures to changes in market prices. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. The sensitivities assume that the movement in a particular variable is independent of other variables.

	2009 \$	2008 \$
<i>Change in profit</i>		
Increase in market prices by 10%	-	-
Decrease in market prices by 10%	-	-
<i>Change in equity</i>		
Increase in market prices by 10%	243,034	272,785
Decrease in market prices by 10%	(243,034)	(272,785)

Exposure to interest risk

At the reporting date the interest rate profile of the Foundation's interest-bearing financial instruments was:

Fixed rate instruments		
Financial assets	<u>3,080,512</u>	<u>1,986,546</u>
Variable rate instruments		
Financial assets	<u>1,060,469</u>	<u>1,316,591</u>

The Foundation does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Fair value sensitivity analysis for fixed rate instruments

The Foundation does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by \$10,605 (2008: \$13,166) and there would be no impact on the equity. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

Fair values

The fair values of assets and liabilities approximate their carrying values.

NOTE 25 FOUNDATION DETAILS

The principal place of business of the Foundation is:
Royal Brisbane and Women's Hospital Foundation
The Workstation
91-93 Commercial Road
Newstead 4006

CERTIFICATE OF THE ROYAL BRISBANE AND WOMEN'S HOSPITAL FOUNDATION

The foregoing general purpose financial statements have been prepared pursuant to section 46F(1) of the Financial Administration and Audit Act 1977 (the Act) and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that:

(a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of the Royal Brisbane and Women's Hospital Foundation;

(b) in our opinion:

(i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(ii) the foregoing financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Royal Brisbane and Women's Hospital Foundation for the financial year ended 30 June 2009 and of the financial position of the Foundation at the end of that year.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of Board in Brisbane this 31st August 2009.

..... John Herron (Chairman)

..... John L H Doley (Board Member)

Independent Audit Report

To the Members of the Royal Brisbane & Women's Hospital Foundation

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of The Royal Brisbane and Women's Hospital Foundation for the financial year ended 30 June 2009 included on The Royal Brisbane and Women's Hospital Foundation's website. The Board is responsible for the integrity of the Royal Brisbane and Women's Hospital Foundation's website. I have not been engaged to report on the integrity of the Royal Brisbane and Women's Hospital Foundation's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from The Royal Brisbane and Women's Hospital Foundation, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of The Royal Brisbane and Women's Hospital Foundation which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairman and Board Member.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness

of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Royal Brisbane and Women's Hospital Foundation for the financial year 1 July 2008 to 30 June 2009 and of the financial position as at the end of that year; and

B G HILEY FCA
as Delegate of the Auditor-General of Queensland

Signed on this 31st day of August 2009, at Brisbane