



2023

# Financial Report

A more equitable world  
through better health



**Burnet**  
reach for the many



# Annual Financial Report

For the year ended 31 December 2023

Macfarlane Burnet Institute  
for Medical Research and  
Public Health Ltd

ABN 49 007 349 984

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## Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising the Macfarlane Burnet Institute for Medical Research and Public Health Limited (the Institute) and its subsidiaries (the Group) for the year ended 31 December 2023 and the Audit Report thereon.

### **Ms Mary Padbury, BA, LLB (Hons)**

*Chair, Burnet Institute Board of Directors since 2019*

*Director since 2011*

*Ex officio member all Board Committees*

*Director, Commonwealth Bank of Australia*

*Director, Brandenburg Ensemble Limited which trades as the Australian Brandenburg Orchestra*

*Director, Richmond Football Club Limited and Aligned Leisure Pty Ltd*

*Custodian, Ormond College, The University of Melbourne*

*Member, Chief Executive Women*

*Former Chair of Ashurst Australia and Vice-Chair Ashurst LLP*

*Former Chair of Trans-Tasman IP Attorneys Board*

### **Professor Brendan Crabb AC, PhD, FAA, FAHMS, FASM**

*Executive Director and CEO since 2008*

*Ex officio member of all Board Committees*

*Member, Telethon Kids Institute Board*

*Member, Telethon Kids Institute Finance Committee*

*Member, The Brain Cancer Centre Research Advisory Committee*

*Member, Alfred Research Alliance*

*Chair, Australian Global Health Alliance*

*Chair, Pacific Friends of Global Health*

*Member, mRNA Victoria Scientific Advisory Board*

*Member, WHO Malaria Vaccine Advisory Committee (MALVAC)*

*Member, Board of Management, Gene Technology Access Centre (GTAC), Victoria*

*Member, Scientific Advisory Board, Wellcome Trust Sanger Institute, UK*

*Adjunct Professor, The University of Melbourne*

*Adjunct Professor, Monash University*

*Chair, Australian Academy of Science – Sectional Committee 9 (SC9) Molecular and Cell Biology and Human Genetics*

*Member, Victorian Aboriginal Research Accord – Reference Group*

*Fellow, Australian Academy of Health and Medical Sciences*

*Fellow, Australian Academy of Science*

*Ambassador, Club Melbourne*

### **Mr Robin Bishop, LLB(Hons), BCom, BA**

*Director from 2012 to Sep 2021, and from May 2022*

*Chair, Investment Committee*

*Founder and Managing Partner, BGH Capital*

*Former Head and Executive Director, Macquarie Capital Australia and New Zealand*

*Commissioner, Australian Football League Commission*

*Member, Australian Takeovers Panel*

**Mr Robin Davies, BA (Hons)**

*Director since December 2023*

*Honorary Professor, Crawford School of Public Policy, The Australian National University*

*Director, Idrys Organisation*

*Former First Assistant Secretary, Global Health Division, Department of Foreign Affairs and Trade, and concurrently Head, Indo-Pacific Centre for Health Security*

*Former Associate Director, Development Policy Centre, The Australian National University*

*Member, FemiliPNG Australia Board*

*Member, Asia-Pacific Leaders Malaria Alliance Board*

*Member, Advisory Board of the Australian Global Health Alliance*

*Member, Global Health Security Network Board*

**Professor Sandra Eades, AO, PhD, FASSA, FAHMS, FTSE**

*Director since 2020*

*Rowden White Professor, The University of Melbourne*

*Deputy Dean Indigenous, Faculty of Medicine, Dentistry and Health Sciences, The University of Melbourne*

*Fellow, Australian Academy of Technological Sciences & Engineering*

**Associate Professor Helen Evans AO, BA, BSoc Admin**

*Director since 2015*

*Chair, People & Remuneration Committee*

*Associate Professor (Hon), The Nossal Institute for Global Health, The University of Melbourne*

*Vice Chair of the Board, The Fred Hollows Foundation*

*Vice Chair, Technical Evaluation Reference Group of Global Fund to Fight AIDS, Tuberculosis and Malaria*

*Member, Advisory Board of the Australian Global Health Alliance*

*Member, Technical Reference Group, The Indo-Pacific Health Security Initiative*

*Member, Expert Advisory Group to the DFAT Vaccine Access Taskforce*

*Fellow, Australian Institute of International Affairs*

*Former Deputy CEO, GAVI, The Vaccine Alliance and of The Global Fund to Fight AIDS, Tuberculosis and Malaria*

**Mr James Flintoft LLB, BSc, M.B.A. (Wharton), FAICD**

*Director since December 2023*

*Member, Audit & Risk Committee*

*Director, Epworth Healthcare*

*Director, Transport Accident Commission*

*Director, Development Victoria*

**Mr Benjamin Foskett, BBus, FAICD, Exec Fellow ANZSoG, Victorian Fellow of IPAA**

*Director since 2013*

*Member, Commercialisation Committee and Audit & Risk Committee*

*Chairman, Hong Kong BioPoint and Nanjing BioPoint*

*Executive Director, Pathway Services Pty Ltd*

*Executive Officer, MCG Trust*

*Director, Britmore Pty Ltd*

**Ms Kate Galvin, B.Ec/LLB, GAICD**

*Director since April 2024*

*CEO, Victorian Funds Management Corporation*

*Member, Chief Executive Women*

**Mrs Miche Hartigan**

*Director from 2017 to May 2023  
Member, People & Remuneration Committee  
Managing Partner, MJH Consulting  
Advisory Board Member, Newgate Communications*

**Mr Leigh Jasper, BEng(Hons), BSc**

*Director from 2016 to May 2023  
Member, Investment Committee and Commercialisation Committee  
Chair, LaunchVic  
Chair, SecondQuarter Ventures  
Director, SEEK Ltd  
Director, Buildxact Pty Ltd  
Director, Payapps  
Former CEO and Co-founder, Aconex*

**Ms Alison Larsson, BEcon, FCPA, GAICD**

*Director since 2017  
Chair, Audit & Risk Committee; Member, People & Remuneration and Investment Committees  
Former Director, IFM Investors*

**Dr Sergio Scrofani, BSc(Hons), PhD, MBA, GAICD**

*Director since 2019  
Member, Commercialisation Committee and Investment Committee  
Principal, Poplar Advisory Pty Ltd  
Director, FinCap Pty Ltd  
Director, Centre for Eye Research Australia*

**Mr Michael Ziegelaar, LLB(Hons), BEcon, LLM**

*Director since 2015  
Chair, Commercialisation Committee  
Partner and Co-Head, Equity Capital Markets (Aust) Herbert Smith Freehills  
Director, Seven West Media*

**Resigned as Director during 2023 or since year end:**

*Mrs Miche Hartigan  
Mr Leigh Jasper, BEng(Hons), BSc*

## 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 Institute during the financial year are:

Directors	Board of Directors		Audit & Risk Committee		Commercialisation Committee		Investment Committee		People & Remuneration Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Brendan Crabb	5	5	6	4	3	0	4	3	3	3
Robin Bishop	5	4	-	-	-	-	4	3	-	-
Robin Davies	1	1	-	-	-	-	-	-	-	-
Sandra Eades	5	2	-	-	-	-	-	-	-	-
Helen Evans	5	4	-	-	-	-	-	-	3	3
James Flintoft	1	1	-	-	-	-	-	-	-	-
Ben Foscett	5	5	6	6	3	3	-	-	-	-
Miche Hartigan	2	1	-	-	-	-	-	-	1	1
Kate Galvin	-	-	-	-	-	-	-	-	-	-
Leigh Jasper	2	2	-	-	-	-	2	1	-	-
Alison Larsson	5	4	6	6	-	-	4	1	3	3
Mary Padbury	5	5	6	4	3	2	4	4	3	3
Sergio Scrofani	5	3	-	-	3	2	4	3	-	-
Michael Ziegelaar	5	3	-	-	3	3	-	-	-	-

(A) Meetings held – reflects the number of meetings held during the time the Director held office during the year.

(B) Meetings attended.

## Principal Activities

The principal activities of the Group during the financial year were medical research and associated public health activities directed at the diagnosis, treatment and control of infectious diseases and cancer in humans. The Institute is a not-for-profit organisation combining programs of clinical and laboratory research in virology and immunology with epidemiology, social research and public health programs. The Institute has been endorsed as a charitable institution by the Australian Taxation Office. As a charitable not-for-profit organisation, the Institute does not pay dividends and all non-executive Directors serve in an honorary capacity. Every Member undertakes to contribute AUD\$10 to the assets of the Institute if it is wound up while he or she is a Member, or within one year afterwards. There was no significant change in the nature of principal activities during the financial year.



## **Operating Results and State of Affairs**

The Group recorded a surplus in the current year of \$12.4m (2022: deficit \$25.5m). The Group's operating performance for the year was significantly impacted by the performance of the Investment Fund, which had a positive net return of \$33.2m. This was represented by a \$20.4m write-up on the value of its investments portfolio (fair value mark to market movement at 31 December 2023) and by \$12.8m from interest and dividends received during the year. The Board endorsed investment strategy aims to achieve returns of CPI plus 4% over the medium to long term (5-7 years). Investment decisions are overseen by the Investment Committee, managed by Morgan Stanley and strategies are continually evaluated. Aside from the performance of the Investment Fund, the Institute's performance was favourable compared to budget. Depreciation and amortisation increased relative to the prior year, which amounted to \$4.8m (2022: \$4.6m).

Other than for Biopoint Hong Kong Ltd, income tax is not applicable.

There were no significant changes in the Group's State of Affairs that occurred during the calendar year, other than those referred to elsewhere in this report.

## **Dividends**

The Institute is limited by guarantee, has no share capital and declares no dividends.

## **Objectives**

The principal objective of the Group is improving the health of vulnerable communities through research, public health and education. Progress against this objective is reported on at each Board meeting (as well as other reporting mechanisms) using a variety of key indicators including the number of research grants awarded, research or project contracts won, fellowships awarded, publications, a league table for Operational Infrastructure Support (Victorian State Government) and the progress reports and achievements made on ongoing grants and projects.

## **Events Subsequent to Balance Date**

The Directors are not aware of any matter that has arisen in the interval between the end of the financial year and the date of this report which has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

## **Likely Developments**

The Group continues to explore strategic and operational opportunities to better align its objectives with the resources it has available.

## **Directors' Benefits**

Since the end of the previous financial year no Director of the Institute has received or become entitled to receive any benefit up to 31 December 2023 (other than a benefit included in the aggregate amount of remuneration received or due and receivable in their capacity as full-time employees as shown in the accounts) because of a contract made by the Institute, its controlled entities or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

## **Indemnification and Insurance of Officers and Auditors**

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors' and Officers' liability and legal expenses insurance other than to confirm that a policy is in force.

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Group.

## **Environmental Regulation**

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

## **Rounding Off**

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/ Directors' Reports) and in accordance with that Instrument, amounts in the Consolidated Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## **Lead Auditor's Independence Declaration under Subdivision 60-C Section 60-40 of the Australian Charities and Not-for-Profit Commission Act 2012**

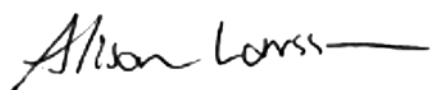
The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 31 December 2023.

Dated at Melbourne this 23<sup>rd</sup> day of April 2024.

*Signed in accordance with a resolution of the Directors.*



Mary Padbury  
*Director*



Alison Larsson  
*Director*



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

To: The Directors of Macfarlane Burnet Institute for Medical Research and Public Health Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2023 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

Antoni Cinanni

*Partner*

KPMG Melbourne

23 April 2024

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the year ended 31 December)

	NOTE	2023 \$'000	2022 \$'000
Revenue from continuing operations	3	58,315	57,377
Other income	3	157	1,131
<b>Total Revenue and Other Income</b>		<b>58,472</b>	<b>58,508</b>
Research and development laboratory consumables		(1,752)	(1,978)
Patents and licences		(1,121)	(564)
Personnel expenses	4	(42,176)	(34,470)
Depreciation and amortisation	11	(980)	(1,018)
Depreciation and amortisation – Right of use asset		(3,788)	(3,599)
External collaborating partner expenses		(10,816)	(14,212)
Overseas projects		(7,927)	(7,785)
Facility maintenance		(3,499)	(2,740)
Travel and accommodation		(2,734)	(1,819)
Other general administration expenses		(2,856)	(4,743)
<b>Net (Deficit)/Surplus from Operations</b>		<b>(19,177)</b>	<b>(14,420)</b>
Finance Income/(Loss)	3	33,183	(9,267)
Finance Expense - Lease Interest expense	13	(1,663)	(1,841)
<b>Net Finance Income/(Costs)</b>		<b>31,520</b>	<b>(11,108)</b>
<b>Net Surplus/(Deficit) before income tax</b>		<b>12,343</b>	<b>(25,528)</b>
Income tax expense	1.0	–	–
<b>Surplus/(Deficit) After Income Tax</b>		<b>12,343</b>	<b>(25,528)</b>
<b>Surplus/(Deficit) After Income Tax Attributable to:</b>			
Members of the Company		12,359	(25,356)
Non-controlling interests		(16)	(172)
<b>Surplus/(Deficit) After Income Tax</b>		<b>12,343</b>	<b>(25,528)</b>
<b>Other Comprehensive Income</b>			
Foreign currency translation differences – foreign operations		98	65
<b>Total Comprehensive Surplus/(Deficit) for the Period</b>		<b>12,441</b>	<b>(25,463)</b>
<b>Total Comprehensive Surplus/(Deficit) Attributable to:</b>			
Members of the Company		12,420	(25,477)
Non-controlling interests		21	14
<b>Total Comprehensive Surplus/(Deficit) for the Period</b>		<b>12,441</b>	<b>(25,463)</b>

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 35.

The Group's total comprehensive surplus for the period includes the International Programs deficit of \$2,513,000 (2022: deficit of \$1,286,000) and Domestic and other programs surplus of \$14,954,000 (2022: deficit of \$24,177,000). Refer to the Group's International Activities Operating Statement for a full copy of the 2023 audited Statement of Profit or Loss and Other Comprehensive Income on page 35.

## Consolidated Statement of Financial Position

(As at 31 December)

	NOTE	2023 \$'000	2022 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		7,264	7,954
Trade and other receivables	6	6,923	4,968
Other Assets	7	1,425	439
Lease receivables	8	603	554
Financial assets	9	317,254	308,493
<b>Total Current Assets</b>		<b>333,469</b>	<b>322,408</b>
<b>Non-Current Assets</b>			
Lease receivables	8	3,859	4,462
Financial assets	9	56,869	52,579
Right of use asset	10	40,062	43,191
Property, plant and equipment	11	4,923	4,052
<b>Total Non-Current Assets</b>		<b>105,713</b>	<b>104,284</b>
<b>Total Assets</b>		<b>439,182</b>	<b>426,692</b>
<b>Current Liabilities</b>			
Trade and other payables		2,663	1,901
Current tax liabilities	12	86	9
Lease liabilities and borrowings	13	2,825	2,355
Provisions	14	6,079	5,519
Deferred income - contract liability	15	30,911	29,806
<b>Total Current Liabilities</b>		<b>42,564</b>	<b>39,590</b>
<b>Non-Current Liabilities</b>			
Lease liabilities and borrowings	13	43,594	45,944
Provisions	14	892	807
Right of use liability	16	3,959	4,619
<b>Total Non-Current Liabilities</b>		<b>48,445</b>	<b>51,370</b>
<b>Total Liabilities</b>		<b>91,009</b>	<b>90,960</b>
<b>Net Assets</b>		<b>348,173</b>	<b>335,732</b>
<b>Equity</b>			
Retained surplus / (deficit)		349,471	337,112
Foreign Currency Translation Reserve		110	12
Non-controlling interests	20	(1,408)	(1,392)
<b>Total Equity</b>		<b>348,173</b>	<b>335,732</b>

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 35.

The Macfarlane Burnet Institute for Medical Research and Public Health Limited is a signatory to the Australian Council for International Development (ACFID) Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

## Consolidated Statement of Changes in Equity

(As at 31 December)

	-Attributable to Members-			
	Retained Surplus \$'000	Foreign Currency Translation Reserve \$'000	Non- Controlling Interests \$'000	Total Funds \$'000
<b>Balance at 1 January 2022</b>	<b>362,468</b>	<b>(53)</b>	<b>(1,220)</b>	<b>361,195</b>
Total other comprehensive income for the period	–	65	–	65
Operating deficit	(25,356)	–	(172)	(25,528)
Total comprehensive income for the period	(25,356)	65	(172)	(25,463)
<b>Balance at 31 December 2022</b>	<b>337,112</b>	<b>12</b>	<b>(1,392)</b>	<b>335,732</b>
Total other comprehensive income for the period	–	98	–	98
Operating surplus	12,359	–	(16)	12,343
Total comprehensive income for the period	12,359	98	(16)	12,441
<b>Balance at 31 December 2023</b>	<b>349,471</b>	<b>110</b>	<b>(1,408)</b>	<b>348,173</b>

*The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 35.*

## Consolidated Statement of Cash Flows

(For the year ended 31 December)

		<b>2023</b>	<b>2022</b>
	NOTE	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>			
Cash receipts in the course of operations		60,498	65,274
Cash payments in the course of operations		(75,146)	(74,201)
Cash used in operating activities		(14,648)	(8,927)
Interest received		132	27
Interest paid		–	(110)
Dividend income		–	1,336
<b>Net cash provided by operating activities</b>	<b>17(ii)</b>	<b>(14,516)</b>	<b>(7,674)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(2,036)	(849)
Proceeds from disposal of property, plant and equipment		119	65
Proceeds from withdrawal of investments		24,000	12,091
Payments for WIP		(776)	(173)
Payments for investments		(4,000)	(240)
<b>Net cash provided by/(used in) investing activities</b>		<b>17,307</b>	<b>10,894</b>
<b>Cash Flows from Financing Activities</b>			
Lease payments -principal and interest		(4,202)	(3,957)
Lease Receipts -principal and interest		721	692
<b>Net cash used in financing activities</b>		<b>(3,481)</b>	<b>(3,265)</b>
Net increase/(decrease) in cash held		(690)	(45)
Cash at the beginning of the financial year		7,954	7,999
<b>Cash at the End of the Financial Year</b>		<b>7,264</b>	<b>7,954</b>

*The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 35.*

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies

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### 1.0. Reporting Entity

The Macfarlane Burnet Institute for Medical Research and Public Health Limited (the Institute) is a company limited by guarantee and is domiciled in Australia. The address of the Institute's registered office is 85 Commercial Road, Melbourne, Victoria, Australia 3004. The consolidated financial statements of the Institute as at and for the year ended 31 December 2023 comprise the Institute and its subsidiaries (together referred to as 'the Group' and individually as 'Group entities'). Other than for its holding in Biopoint Hong Kong Ltd (78.75% equity) the Group is a not-for-profit entity and is primarily involved in medical research and associated public health activities directed at the diagnosis, treatment and control of infectious diseases and cancer in humans. The Institute is a registered charity with the Australian Charities and Not-for-Profit Commission which holds deductible gift recipient status and is exempt from income tax.

#### **Australian Institute for Infectious Disease (AIID)**

The Australian Institute for Infectious Disease (AIID) project is a collaboration between foundation partners Burnet Institute, Doherty Institute and the University of Melbourne. Burnet Institute intends to relocate to the Parkville Precinct adjacent to the Doherty Institute in 2029 (approx.), once the new facility has been completed. Burnet will continue to operate as an independent organisation within the AIID facility.

The foundation partners have determined key principles to guide the partnership through to completion of the development of the AIID, which are reflected in a Partnership Principles Agreement. The Partnership Principles Agreement includes the delivery of a fit-for-purpose building to accommodate Burnet's present and future needs and places a cap on each partner's contribution to the potential funding shortfall of the development at \$50m. Burnet's partnership in the AIID project will give rise to a future asset of material value on its balance sheet which recognises Burnet's rights to occupancy in the new building. The Institute is committed to contribute its share of the administrative and consulting costs of this project to date which have not yet been ascertained.

#### **Members guarantee**

The Institute is limited by guarantee. In the event that the Institute is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Institute. At 31 December 2023 the number of members was 7 (2022: 8).

#### **Economic Dependency**

The Institute is not dependent upon the ongoing receipt of grants from both Commonwealth and State Governments to ensure the continuation of medical research and public health activities due to its investment portfolio.

### 1.1. Basis of Preparation

#### **(i) Statement of compliance**

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs)- adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profit Commission Act 2012. The consolidated financial statements were authorised for issue by the Board of Directors 23rd April 2024.

#### **(ii) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

- certain financial assets (investments) are measured at fair value.

The method used to measure fair values is discussed further in Note 1.2.

During the preparation of the Financial Report the Directors made an assessment of the ability of the Group to continue as a going concern, which included an assessment of the continuity of business operations, realisation of assets and settlement of liabilities in the normal course of business. Based on the financial results and financial position of the Institute, the Directors consider it appropriate to prepare the consolidated financial report on a going concern basis.



# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### (iii) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Parent Entity. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

### (iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs 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 estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following Notes:

- Note 1.10 – Impairment
- Note 14 – Provisions
- Notes 9 and 22 – Managed Investments

### (v) Changes in material accounting policies

The accounting policies adopted by the Institute in this report are the same as those applied in the Financial Report for the year ended 31 December 2022.

## Material Accounting Policies:

### 1.2 Financial Instruments

#### (i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

#### *Available for Sale Financial assets at fair value through profit or loss*

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair values in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### *Loans and receivables*

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

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### (i) Non-derivative financial assets (cont)

#### *Cash and cash equivalents*

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

#### *Managed Investments*

Managed Investments comprise dividend, interest and capital gain generating funds which include managed cash investment accounts.

### (ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise loans and borrowings and trade and other payables.

### (iii) Derivative financial instruments

The Group currently does not hedge interest rate exposure as there is no variable debt carried on its books.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the Statement of Comprehensive Income when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognised immediately in the Statement of Comprehensive Income. The fair value of derivatives are based on lender quotes.

## 1.3 Inventories

Inventories are comprised of laboratory materials and are valued at the lower-of-cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

## 1.4 Property, Plant and Equipment

### (i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy Note 1.10). Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

### (ii) Leased assets

The owner-occupied property acquired by way of a lease arrangement is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy Note 1.10). The cost of self-constructed assets under lease arrangements includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below). Lease payments are accounted for as described in accounting policy Note 1.11(ii).

### (iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense when incurred.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### (iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The depreciation rates used for the current and comparative years are as follows:

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Buildings	2% to 2.5%
Plant and equipment	10% to 20%
Computer equipment	33.3%
Motor vehicles	20%

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

### 1.5 Employee Benefits

#### (i) Defined contribution plans

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 benefits expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

#### (ii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than defined benefit plans, 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 increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to high-quality Corporate bond rates at the balance date which have maturity dates approximating to the terms of the Group's obligations.

#### (iii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate an employee before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### 1.6 Revenue Recognition

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

AASB 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 the 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 generally less than 12 months between receipt of funds and satisfaction of performance obligations.

#### **Contract Research and Development (R&D) revenue/consultancies**

R&D contract income is recognised in the Statement of Profit or Loss and Other Comprehensive Income to the extent that R&D expenditure to which it relates has been incurred. Until this time, funds drawn down in accordance with the relevant R&D funding agreement are recognised in the Statement of Financial Position as deferred income – contract liability.

#### **Grant income**

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement but may include transfer of IP, transfer of research findings or publishing of research findings in a public journal. 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.

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

#### **Grant income**

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 may be property which has been donated. Once the asset has been recognised, the Group 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.

#### **Government contributions towards capital works (capital grants)**

Government contributions to assist in the acquisition or construction of non-current assets are recognised as an asset and revenue when all conditions of the grants have been satisfied.

#### **Donations**

Donations are recognised as income in the Statement of Profit or Loss and Other Comprehensive Income, as and when received, unless they are for specific purposes in which case they will be recognised when the conditions are fulfilled.

#### **Interest and other income**

Interest and other income is recognised in the Statement of Profit or Loss and Other Comprehensive Income as it accrues, taking into account the effective yield on the financial asset.

#### **Asset sales**

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as other income or other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### Rental income

Rental income is recognised as income in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease.

### (iii) 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.

### 1.7 Borrowing Costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to those borrowings, net of any interest earned on those borrowings. Where funds are borrowed for the acquisition of a qualifying asset, borrowing costs are capitalised using a weighted average.

### 1.8 Income Tax

The Institute is exempt from paying income tax under Section 50-5 of the Income Tax Assessment Act, 1997, with the exception of Biopoint Hong Kong Ltd.

### 1.9 Goods and 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 Australian Taxation Office (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.

### 1.10 Impairment

#### (i) Financial Instruments and contract assets

The group recognises loss allowances for Expected Credit Losses (ECL) on:

- Financial assets measured at amortised cost;
- Debt investment measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivable and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

The financial asset is more than 90 days past due.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### (i) Financial Instruments and contract assets (cont)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Twelve month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit impaired financial assets

At each reporting date, the Group assesses whether the financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

#### Presentation of allowance of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### Write off

The gross carrying amount of a financial asset is written off when the Group has not reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial assets is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### (ii) Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are recognised as a reduction in the carrying amounts of the assets in the CGU on a pro-rata basis.

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

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### (ii) Non-financial assets (cont)

Under AASB 136, the Group can elect to have the carrying amount of non-current assets' impairment reviewed at each reporting date using a depreciated replacement cost valuation. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount. Reversal of a previously recorded impairment will be recorded in the Statement of Comprehensive Income where appropriate. In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

### 1.11 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration of the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### (i) As a lessee (cont)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Borrowings" in the statement of financial position.

#### *Short term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

### (ii) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease (refer Note 1.10(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other revenue".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

### 1.12 Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.



# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

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### 1.13 Basis of Consolidation

#### (i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### (ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### (iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (iv) Investment in Associates

Investments in entities over which the Institute has the ability to exercise significant influence, but not control, are accounted for using the equity method of accounting. The investment in associates is carried at cost plus post-acquisition changes in the Institute's share of the associates' net assets, less any impairment value.

#### (v) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity related to the subsidiary. Any resulting surplus or deficit is recognised in the Statement of Comprehensive Income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

### 1.14 Foreign Currency Transactions

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the Statement of Comprehensive Income.

#### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates on the dates of the transactions.

Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 1. Reporting Entity and Material Accounting Policies (cont)

### (ii) Foreign operations (cont)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in Other Comprehensive Income and accumulated in the translation reserve in equity.

## 2. New Standards and Interpretations Not Yet Adopted

As at the date of authorisation of the financial statements the Standards and interpretations below were in issue but not yet effective:

AASB 2023-1 Supplier Finance Arrangements Disclosures

AASB 2020-1 Classification of Liabilities as Current or Non-Current

AASB 2022-5 Lease Liability in a Sale and Leaseback

AASB 2022-10 Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2014-10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

AASB 2022-10 Fair Value Measurement of Non-Financial Assets of Not-For-Profit Public Sector Entities

	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<b>3. Revenue</b>		
Grants – operating	19,627	19,841
Grants – Victorian Government operational infrastructure support	4,165	3,149
Donations	5,484	9,510
Contract R&D consultancies	24,383	20,006
Contract services other	502	563
Other income – miscellaneous	4,154	4,308
<b>Total Revenue from Continuing Operations</b>	<b>58,315</b>	<b>57,377</b>
Net gain on foreign exchange	99	127
Net gain on disposal of fixed assets and investments	49	986
Rental income – sub-lease	9	18
<b>Other Income</b>	<b>157</b>	<b>1,131</b>
Investment income		
- Interest	1,284	211
- Dividends	11,492	11,978
- Fair Value movement on investments (mark to market)	9	(21,456)
<b>Finance Income / (Loss)</b>	<b>33,183</b>	<b>(9,267)</b>

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<b>3. Revenue (cont)</b>		
<b>Revenue from contracts with customers per AASB 15</b>		
Rendering of services – over time	50,205	43,852
<b>Revenue recognised under AASB 1058 Income of NFP Entities</b>		
Donations – point in time	1,884	4,007
Philanthropic trusts – point in time	854	2,439
Bequests – point in time	355	3,064
Grant income – over time	5,017	4,015
<b>Total Revenue from continuing operations</b>	<b>58,315</b>	<b>57,377</b>
<b>Disaggregation of revenue from contracts with customers – AASB 15</b>		
Medical research	7,666	4,858
Population health	8,237	8,007
International health	23,740	21,749
Contract research laboratory services	10,562	9,238
<b>Revenue recognised under AASB 1058 Income of NFP Entities</b>	<b>8,110</b>	<b>13,525</b>
<b>Total Revenue from continuing operations</b>	<b>58,315</b>	<b>57,377</b>

The primary geographical market of the Institute is Australia.

### 4. Personnel Expenses

Salary and wages	38,169	31,604
Employee entitlements	4,007	2,866
	<b>42,176</b>	<b>34,470</b>

### 5. Auditors' Remuneration

	\$	\$
<b>Audit Service - KPMG Australia:</b>		
Audit and review of financial reports – Burnet Institute	76,000	72,300
Other Services	–	–
	<b>76,000</b>	<b>72,300</b>

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<b>6. Trade and Other Receivables</b>		
<i>Current</i>		
Trade receivables	5,680	4,968
Other receivables	1,633	–
Less: allowance for doubtful debts	(390)	–
	6,923	4,968

### 7. Other Assets

Inventories	47	55
Prepayments	429	211
Work in progress – software development	949	173
	1,425	439

### 8. Lease Receivables

This note provides information about the contractual terms of the Group's interest-bearing leases receivable which are measured at amortised cost.

<i>Current</i>		
Lease receivables	603	554
<i>Non-current</i>		
Lease receivables	3,859	4,462

#### Maturity analysis

The maturity analysis of lease receivables based on contractual undiscounted cash flows is shown in the table below.

	<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000	Total Undiscounted Lease Receivables \$'000	Lease Receivables Included in the Statement of Financial Position \$'000
2022	721	3,184	1,790	5,695	5,016
2023	750	3,312	912	4,974	4,462

	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
Lease Impact in the statement of profit and loss and other comprehensive income		
Interest on lease receivables	167	185

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>9. Financial Assets</b>		
<i>Current Financial Assets</i>		
Fair Value Through profit or loss		
Managed investments	273,598	258,966
Debt investments	39,964	14,587
Cash investments	3,692	34,940
<b>Total current financial assets</b>	<b>317,254</b>	<b>308,493</b>

Managed investments are managed by third parties on behalf of the company. The funds hold a variety of debt, equity, commodity and alternative investments which generate a return based on income from those investments and changes in the market value of the investments. The Group's investments in the funds can be redeemed on an at-call basis at the market value of the investment at the date of redemption less fees and charges.

### *Non-Current Financial Assets*

Fair Value Through profit or loss		
Managed Investments	56,869	52,579
Fully paid ordinary shares in Stamford Pharmaceuticals Inc	–	–
<b>Total non-current financial assets</b>	<b>56,869</b>	<b>52,579</b>

All managed investments are actively traded in financial markets and the fair value is determined by reference to quoted market bid prices at the close of business on the reporting date. The mark-to-market fair value movement of outstanding management investments as at year end amounted to a gain of \$20,407 (2022 loss of \$21,456).

As at 31 December 2023, the Group held 4.0% (2022: 5.1%) of Stamford Pharmaceuticals Inc., formerly Ascend Biopharmaceuticals Pty Ltd. The amount of investment in this company was \$nil and the contribution to the surplus of the Group was \$nil.

	Buildings \$'000	Equipment \$'000	Total \$'000
<b>10. Right-of-Use (ROU) Asset</b>			
<b>Cost</b>			
Balance at 1 January 2022	46,790	–	46,790
Amortisation	(3,599)	–	(3,599)
<b>Balance at 31 December 2022</b>	<b>43,191</b>	<b>–</b>	<b>43,191</b>
Balance at 1 January 2023	43,191	–	43,191
Additions	–	659	659
Amortisation	(3,599)	(189)	(3,788)
<b>Balance at 31 December 2023</b>	<b>39,592</b>	<b>470</b>	<b>40,062</b>

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

11. Property, Plant and Equipment	\$'000	\$'000	\$'000
	Leasehold Buildings	Plant and Equipment	Total
<b>Cost</b>			
Balance at 1 January 2022	1,824	11,593	13,417
Acquisitions	41	808	849
Disposals	–	(405)	(405)
Balance at 31 December 2022	1,865	11,996	13,861
Balance at 1 January 2023	1,865	11,996	13,861
Acquisitions	249	1,786	2,035
Disposals	–	(2,163)	(2,163)
Balance at 31 December 2023	2,114	11,619	13,733
<b>Accumulated Depreciation</b>			
Balance at 1 January 2022	–	(9,132)	(9,132)
Depreciation charge for the year	(182)	(836)	(1,018)
Disposals	–	341	341
Balance at 31 December 2022	(182)	(9,627)	(9,809)
Balance at 1 January 2023	(182)	(9,627)	(9,809)
Depreciation charge for the year	(196)	(784)	(980)
Disposals	–	1,979	1,979
Balance at 31 December 2023	(378)	(8,432)	(8,810)
<b>Carrying amounts</b>			
At 1 January 2022	1,824	2,461	4,285
31 December 2022	1,683	2,369	4,052
At 1 January 2023	1,683	2,369	4,052
31 December 2023	1,736	3,187	4,923
<b>12. Tax Liabilities</b>			
		<b>2023</b> \$'000	<b>2022</b> \$'000
FBT provision		98	92
Net GST liability		(12)	(83)
		86	9

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

	<b>2023</b>	<b>2022</b>
13. Lease Liabilities and Borrowings	\$'000	\$'000
This note provides information about the contractual terms of the Group's lease liabilities which are measured at amortised cost.		
<i>Current</i>		
Lease liabilities	2,825	2,355
<i>Non-current</i>		
Lease liabilities	43,594	45,944

### Maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below.

	<1 Year \$'000	1-5 Years \$'000	>5 Years \$'000	Total Undiscounted Lease Liabilities \$'000	Lease Liabilities Included in the Statement of Financial Position \$'000
2023	4,386	18,593	34,030	57,009	46,419
2022	4,213	18,120	38,889	61,222	48,299

Lease Impact in the statement of profit and loss and other comprehensive income	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
Interest expense on lease liabilities	1,663	1,841

### 14. Provisions

<i>Current</i>		
Liability for long-service leave	2,936	2,610
Liability for annual leave	3,143	2,909
	6,079	5,519

<i>Non-current</i>		
Liability for long-service leave	892	807

Assumed rate of increase in wage and salary rates	3.1%	3.1%
Average discount rate	5.0	5.5%
Settlement term (years)	9	9
Number of employees		
Number of employees at year end (FTE)	454	410

#### Superannuation plans:

The Group contributes to various accumulation style superannuation plans. Employer contributions are at the rate required to satisfy its obligations under the Superannuation Guarantee legislation, currently 11% of salary. The Group may make additional contributions by agreement with employees.

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>15. Deferred Income – contract liability</b>		
<i>Current</i>		
Other grants	31,704	29,806
Deferred income opening balance	29,806	30,340
Revenue received	35,347	39,806
Revenue recognised in Profit and Loss	(34,242)	(40,340)
Deferred income closing balance	30,911	29,806

General research operating grants are deferred and recognised as a contract liability, where there is an obligation to repay amounts which are not spent in accordance with the conditions specified.

### 16. Right-of-Use (ROU) Liability

<b>Cost</b>		
Balance at 1 January	4,619	5,279
Amortisation	(660)	(660)
Balance at 31 December	3,959	4,619

### 17. Notes to the Consolidated Statement of Cash Flows

#### (i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding overdrafts.

#### (ii) Reconciliation of operating deficit after income tax to net cash from operating activities:

Cash flows from operating activities		
Surplus/(Deficit) for the period	12,343	(25,528)
Adjustments for:		
Depreciation	980	1,018
Amortisation of ROU assets	10 3,788	3,599
Amortisation of ROU liability	(660)	(660)
Provision for Doubtful Debts	390	–
Amounts set aside in provisions	645	18
(Gain)/Loss on disposal of property, plant and equipment	66	(1)
(Gain)/Loss from change in fair value of investments	(33,051)	10,630
Lease interest disclosed as financing	1,496	1,546
Foreign currency translation	98	65
Operating surplus before changes in working capital and provisions	(13,905)	(9,313)
(Increase) in trade and other receivables	(2,345)	3,056
(Increase)/Decrease in inventories	8	18
(Increase)/Decrease in other assets	(218)	154
(Decrease)/Increase in trade and other payables	762	(919)
(Decrease)/Increase in current tax liabilities	77	(136)
(Decrease)/Increase in grant deferred income	1,105	(534)
Net Cash from Operating Activities	(14,516)	(7,674)



# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
18. Remuneration of Key Management Personnel		
Short-term employee benefits	3,280	2,936

## 19. Related Party Transactions

The Institute purchased services from AMREP AS Pty Ltd during the period that the company was a related party on normal commercial terms amounting to \$NIL (2022: \$18,353) and sold services/supplies to AMREP AS Pty Ltd for \$NIL (2022: \$30,000).

During the year various Directors made donations to the Institute totalling \$53,750 (2022: \$58,250). No Director received remuneration in connection with their role as Director.

The Institute advanced funds to the Biopoint Group of companies totalling \$NIL(2022: \$555,000). The Institute paid expenses on behalf of the Biopoint Group totalling \$34,968 (2022: \$64,445).

## 20. Particulars in Relation to Controlled Entities

All of the Group's controlled entities are as follows:

Entity	Interest Held		Country of Incorporation
	<b>2023</b>	<b>2022</b>	
	%	%	
Hepseevax Pty Ltd	100	100	Australia
SeeD4 Pty Ltd	–	65	Australia
Burnet Institute (Hong Kong) Limited	100	100	Hong Kong
Biopoint Hong Kong Limited	78.75	78.75	Hong Kong
Biopoint Nanjing Diagnostic Technology Co. Limited	78.75	78.75	China

The Group has a 100% interest in Hepseevax Pty Ltd which was originally formed to manage R&D projects in partnership with other parties. Other than intellectual property this company has no material assets or liabilities. As there is no reliable measure of the value of this intellectual property, the carrying value of this investment is recorded as \$nil.

SeeD4 Pty Ltd has been wound up in 2023 with no financial impact on the Institute.

The consolidated result for the Biopoint subsidiary companies was a deficit of \$73k (2022: deficit of \$809k) of which a deficit of \$16k (2022: deficit of \$172k) is attributable to the non-controlling interest. The result of Burnet Hong Kong was a deficit of \$1k (2022: deficit of \$1k). The total deficit attributable to non-controlling interests was \$1,408k (2022: deficit \$1,392k).

During the year and subsequent to year end the Biopoint subsidiary companies are being restructured. Biopoint Nanjing Diagnostic Technology Co. Limited will be wound up. Throughout the year the assets and liabilities of Biopoint Nanjing have been settled. After year end the residual cash was returned to Biopoint HK. Over the next year the wind-up will be finalised and the company will be deregistered. The minority interest in Biopoint Hong Kong will also be eliminated over the next year.

## 21. Subsequent Events

Subsequent to year end the Biopoint subsidiary companies are continuing to be restructured. Biopoint Nanjing Diagnostic Technology Co. Limited will be wound up and the minority interest in Biopoint Hong Kong will be eliminated.

Other than these items there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of the Group in future financial years.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 22. Financial Risk Management

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### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- price risk
- interest-rate risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash on deposit and from the Group's receivables from customers and investment securities. In relation to credit risk arising from cash on deposit, the Group only deposits with highly rated counterparties as approved by the Board.

### *Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. Work is only undertaken for another entity once a contract for services has been signed. The demographics of the Group's debtor base, including the default risk of the industry and country in which debtors operate, have less of an influence on credit risk. Approximately 12% (2022: 23%) of the Group's revenue is attributable to transactions with a single debtor, being the Commonwealth Government. However, geographically there is only concentration of credit risk in Australia. Most of the Group's debtors have been transacting with the Group for several years, and losses have occurred infrequently. In monitoring debtor credit risk, debtors' ageing profiles are reviewed as well as any existence of previous financial difficulties.

### *Investments*

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a solid credit rating in consultation with the Board and other advisors. Management does not expect any counterparty to fail to meet its obligations.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitor cash flow requirements on a daily basis to optimise its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations without the need to draw down from its investments; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group can enter into derivatives in order to manage market risks in consultation with the Board and other advisors. Group risk is also minimised due to limited holdings of foreign currency and professional management of equities.

# Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

## 22. Financial Risk Management (cont)

### Price Risk

Price risk is the risk that the fair value or future earnings of a financial instrument will fluctuate because of changes in market prices (other than from interest rate risk or currency risk). The financial instruments managed by the Group that are impacted consist of managed investments.

The price risk associated with the units held in managed investments is that the fair value of those units will fluctuate with movements in the redemption value of those units, which in turn is based on the fair value of the underlying assets held by the managed investments.

### Interest rate risk

The Group has adopted a policy to not actively mitigate its interest rate risk due to the fact that there is no variable interest rate liabilities owing by the Burnet.

## 23. Financial Instruments

### Credit risk

Exposure to credit risk

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

Carrying amount	NOTE	2023 \$'000	2022 \$'000
Managed investments -current	9	317,254	308,493
Managed investments -non-current	9	56,869	52,579
Trade and Other Receivables	6	6,923	4,968
Cash and cash equivalents		7,264	7,954
		388,310	373,994

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

Carrying amount			
Australia		6,163	4,591
Asia		108	65
North America		80	292
Europe		572	20
		6,923	4,968

Impairment losses:

The ageing of the Group's trade receivables at the reporting date was:

Carrying amount			
Not past due		6,925	4,559
Past due 0-30 days		219	126
Past due 31-60 days		161	–
More than 60 days past due		8	283
Less allowance for doubtful debts		(390)	–
		6,923	4,968

There was no impairment loss recognised on investments. The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

### 23. Financial Instruments (cont)

#### Liquidity risk

The following are the contractual maturities of financial liabilities measured at amortised cost, including estimated interest payments and excluding the impact of netting agreements:

31 December 2023 (\$'000)	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	3–5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Trade and other payables	2,663	2,663	1,332	1,331	–	–	–
Current tax liabilities	86	86	43	43	–	–	–
Lease liabilities	46,419	57,009	2,193	2,193	4,552	14,041	34,030
ROU Liability	3,959	3,959	330	330	660	1,980	659
	53,127	63,717	3,898	3,897	5,212	16,021	34,689
<b>31 December 2022 (\$'000)</b>							
	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	3–5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Trade and other payables	1,901	1,901	951	950	–	–	–
Current tax liabilities	9	9	5	4	–	–	–
Lease liabilities	48,299	61,222	2,107	2,106	4,386	13,734	38,889
ROU Liability	4,619	4,619	330	330	660	1,980	1,319
	54,828	67,751	3,393	3,390	5,046	15,714	40,208

#### Foreign currency risk

The Group is exposed to foreign currency risk on revenue, purchases, managed investments and bank accounts that are denominated in a currency other than the functional currency of the Parent Entity. The currency giving rise to this risk is primarily US dollars (USD). At any point in time the Group has a natural hedge on USD transactions as it holds a USD bank account to pay USD-denominated expenses.

#### Sensitivity analysis

For the year ended 31 December 2023, it is estimated that a general increase of one percentage point in interest rates would have increased the Group's surplus by approximately \$177,000 (2022: \$966,000).

As at 31 December 2023, it is estimated that a general increase of ten basis points in the value of the AUD against other foreign currencies would have decreased the Group's surplus by approximately \$142,716 (2022: \$168,384).

#### Fair values

The fair value of relevant recognised assets and liabilities are approximate to the values shown in the Statement of Financial Position.

## Notes to the Consolidated Financial Statements

(For the year ended 31 December 2023)

### 23. Financial Instruments (cont)

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
31 December 2023 (\$'000)				
Managed Investments	201,230	106,967	65,926	374,123
31 December 2022 (\$'000)				
Managed Investments	278,310	62,600	20,162	361,072

24. Parent Entity Disclosures	2023 \$'000	2022 \$'000
<b>Result of the parent entity</b>		
Surplus / (Deficit) for the period	12,417	(24,719)
Other comprehensive income	–	–
Total comprehensive income for the period	12,417	(24,719)
<b>Financial position of the parent entity at year end</b>		
Current assets	338,280	374,397
Total assets	439,168	426,604
Current liabilities	(35,472)	(32,869)
Total liabilities	(86,742)	(86,595)
<b>Total equity of the parent entity comprising of:</b>		
Retained surplus	340,009	364,728
Total equity	340,009	364,728

As at, and throughout, the financial year ending 31 December 2023 the parent entity of the Group was the Macfarlane Burnet Institute for Medical Research and Public Health Limited.

# Burnet Institute International Development Activities

## Operating Statement

(For the year ended 31 December)

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Donations and gifts – monetary	448	451
Donations and gifts – non-monetary	–	–
Bequests and legacies	–	–
Grants:		
• DFAT	8,877	9,792
• Other Australian	3,430	2,486
• Other Overseas	11,585	10,161
Investment Income	–	–
Commercial Activities Income	–	–
Other Income	2,505	2,010
Revenue for international political or religious proselytisation programs	–	–
<b>Total revenue</b>	<b>26,845</b>	<b>24,900</b>
<b>Expenditure</b>		
<b>International aid and development programs expenditure</b>		
International programs:		
• Funds to international programs	27,157	24,183
• Program support costs	1,506	1,105
Community education	–	–
Fundraising costs:		
• Public	112	68
• Government, multilaterals and private	–	–
Accountability and administration	583	554
Non-monetary expenditure	–	–
<b>Total international aid and development programs expenditure</b>	<b>29,358</b>	<b>25,910</b>
Expenditure for international political or religious proselytisation programs	–	–
Domestic programs expenditure	–	276
Commercial Activities Expenditure	–	–
Other Expenditure	–	–
<b>Total expenditure</b>	<b>29,358</b>	<b>26,186</b>
<b>(Shortfall)/Excess of revenue over expenditure</b>	<b>(2,513)</b>	<b>(1,286)</b>
Other Comprehensive Income	–	–
<b>Total Comprehensive Income</b>	<b>(2,513)</b>	<b>(1,286)</b>

### Notes:

This operating statement represents IFRS financial information and is extracted specifically for the operations of the International Health Programs as required by the ACFID Code of Conduct. The deficit represents the Institute's additional financial contribution to the programs.



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The Macfarlane Burnet Institute for Medical Research and Public Health Limited is a signatory to the Australian Council for International Development Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management. These financial statements have been prepared in accordance with the requirements set out in the ACFID code of conduct. More information about the ACFID Code of Conduct can be obtained from ACFID.

## Directors' Declaration

(For the year ended 31 December)

1. In the opinion of the Directors of the Burnet Institute:

(a) the Financial Statements and Notes, set out on pages 9 to 35, including the **Burnet Institute International Development Activities Operating Statement**, are in accordance with the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-Profit Commission Act 2012 including:

(i) giving a true and fair view of the financial position of the Group at 31 December 2023 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards, the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-Profit Commission Regulations; and


(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 23rd day of April 2024

Signed in accordance with a resolution of the Directors:



Mary Padbury  
Director



Alison Larsson  
Director



# Independent Auditor's Report

To the Directors of Macfarlane Burnet Institute for Medical Research and Public Health Ltd

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** and Australian Council for International Development Financial Statements (**ACFID Financial Statements**) of Macfarlane Burnet Institute for Medical Research and Public Health Ltd (the **Group**).

In our opinion, the accompanying Financial Report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and 24B of the *Charitable Fundraising Act (NSW) 1991*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2023, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework and Not-for-profits Commission Regulations 2022 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
  - Compliance Indicator 8.3.2 of the Australian Council for International Development (ACFID) Code of Conduct Annual Reporting Checklist.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2023;
- 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; and
- iv. Directors' declaration of the Group.

The **Group** consists of Macfarlane Burnet Institute for Medical Research and Public Health Ltd (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

The **ACFID Financial Statements** comprises:

- i. Consolidated statement of financial position as at 31 December 2023;
- ii. The Company's International Development Activities Operating Statement and the Statement of changes in equity for the year then ended; and
- iii. Directors' Declaration of the Group.

### 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 Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## Other information

Other Information is financial and non-financial information in Macfarlane Burnet Institute for Medical Research and Public Health Ltd.'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.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon, except for the ACFID Financial Statements and our related assurance opinions.

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 for the Financial Report and ACFID Financial Statements

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 and section 21 of the *Charitable Fundraising Regulation (NSW) 2021* and that complies with Compliance Indicator 8.32 of the Australian Council for International Development (ACFID) Code of Conduct Annual Reporting Checklist;
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 the Acts and Regulations;
- iii. The fair presentation of the ACFID Financial Statements in accordance with the ACFID Code of conduct;
- iv. Implementing necessary internal control to enable the preparation of a Financial Report and ACFID Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- v. Assessing the Group and 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 Group and company or to cease operations or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report and ACFID Financial Statements

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report and ACFID Financial Statements 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 and ACFID Financial Statements.

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



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report and ACFID Financial Statements, 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 Group'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 Group and 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 and ACFID Financial Statements 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 Group and Company to cease to continue as a going concern; and
- v. Evaluate the overall presentation, structure and content of the Financial Report and ACFID Financial Statements, including the disclosures, and whether the Financial Report and ACFID Financial Statements 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.

## 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 Group's financial result of fundraising appeal activities for the financial year ended 31 December 2023;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2023 to 31 December 2023, 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 2023 to 31 December 2023 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 Group will be able to pay its debts as and when they fall due.



**Opinion pursuant to the ACFID Code of conduct**

In our opinion, the ACFID Financial Statements of the Group is presented fairly, in all material respects, in accordance with the ACFID Code of Conduct for the year ended 31 December 2023.

KPMG

KPMG

Antoni Cinanni  
Chartered Accountant  
*Partner*

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23 April 2024

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## OVERSEAS

Burnet has offices or representatives in Australia, Papua New Guinea and Myanmar, and also contributes to research and public health programs in many other countries across Asia, the Pacific, Africa, Europe, and North America.

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