

**THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES**

ABN 86 248 830 078

SUMMARISED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

REPORT BY THE MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2012

Your committee members submit the summarised financial report of The Queen Elizabeth Hospital Research Foundation Incorporated for the financial year ended 30 June 2012.

Committee Members

The names of the committee members throughout the financial year and at the date of this report are:

Lee Michaelis (formerly Boys)	John Hender
John MacPhail	Luciana Larkin
Ken Milne	Melinda O'Leary
Prof John Beltrame	Assoc Prof Richard D'Andrea
Prof Richard Ruffin	

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of The Queen Elizabeth Hospital Research Foundation Incorporated during the financial year was:

- to support the continued research principally at The Queen Elizabeth Hospital, in the development of cures and treatment of health diseases.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The net surplus/(loss) after income tax and payments for research, hospital support and patient care activities of \$2,739,668 (2011 \$2,847,662) was a profit of \$719,028 (2011 \$368,169).

This profit of \$719,028 has been allocated directly to the Association's Research Reserve which has been established to ensure sufficient funds are available for forward grant commitments. This represents a Funds to Research Ratio of 74.5% of Gross Profit.

Research Reserve

The Association has established a Research Reserve to ensure that sufficient funds are available for future grant commitments.

Events After the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

Future Developments

The Association expects to maintain the present status and level of operations and hence there are no likely developments in the Association's operations.

Environmental Issues

The Association's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a state territory.

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Association.

Proceedings on Behalf of the Association

No person has applied for leave of Court to bring proceedings on behalf of the Association or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any of those proceedings.

The Association was not a party to any such proceedings during the year.

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

REPORT BY THE MEMBERS OF THE COMMITTEE (CONT)
FOR THE YEAR ENDED 30 JUNE 2012

In the opinion of the Committee of The Queen Elizabeth Hospital Research Foundation Incorporated:

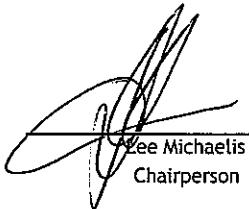
a) During the year ended 30 June 2012 no:

- i) officer of the Association;
- ii) firm of which the officer is a member; or
- iii) body corporate in which the officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association; and

b) During the year ended 30 June 2012 no officer of the Association received directly or indirectly from the Association any payment or other benefit of a pecuniary value, other than as disclosed in note 9 to the attached financial statements.

Signed in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



Lee Michaelis
Chairperson



John MacPhail
Deputy Chairperson

Dated this 15th day of November 2012

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

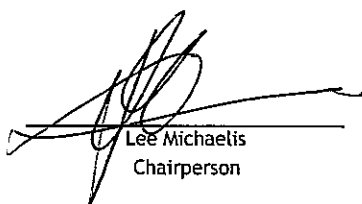
ABN 86 248 830 078

STATEMENT BY THE MEMBERS OF THE COMMITTEE

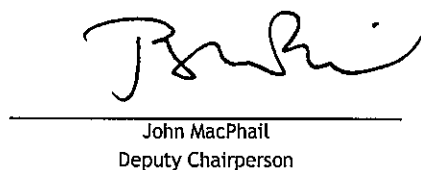
In the opinion of the Committee, the summarised financial report comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the attached notes:

- 1 present fairly the financial position of the Association as at 30 June 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board; and
- 2 are consistent with the full consolidated financial statements of the Association for the year ended 30 June 2012; and
- 3 at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of that Committee by:



Lee Michaelis
Chairperson



John MacPhail
Deputy Chairperson

Dated this 15th day of November 2012

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
Revenue	12,465,240	13,446,761
Major lottery expense	(7,765,485)	(8,367,362)
Fundraising expenses	(59,893)	(312,677)
Gross Profit	<u>4,639,862</u>	<u>4,766,722</u>
Employee benefits expense	(777,302)	(1,012,747)
Depreciation and amortisation expense	(71,160)	(80,105)
Business Administration	(332,141)	(454,619)
Net profit before funding payments	<u>3,459,259</u>	<u>3,219,251</u>
Funds paid for research, hospital support and patient care activities	(2,739,668)	(2,847,662)
Profit/(loss) for the year	<u>719,591</u>	<u>371,589</u>
Income tax benefit/(expense)	(563)	(3,420)
	<u>719,028</u>	<u>368,169</u>
Other comprehensive income		
Net gain/(loss) on revaluation of financial assets	(43,813)	-
Other comprehensive income for the year	<u>(43,813)</u>	<u>-</u>
Total comprehensive income/(loss) for the year	<u>675,215</u>	<u>368,169</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES**

ABN 86 248 830 078

**SUMMARISED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Consolidated	
	2012	2011
	\$	\$
ASSETS		
Current Assets		
Cash and Cash Equivalents	4,508,711	3,936,002
Trade and Other Receivables	194,956	199,914
Other Current Assets	92,355	60,763
Total Current Assets	<u>4,796,022</u>	<u>4,196,679</u>
Non-Current Assets		
Financial Assets	2,670,320	2,359,446
Property, Plant and Equipment	1,137,318	1,186,145
Total Non-Current Assets	<u>3,807,638</u>	<u>3,545,591</u>
Total Assets	<u><u>8,603,660</u></u>	<u><u>7,742,270</u></u>
LIABILITIES		
Current Liabilities		
Trade and Other Payables	1,964,707	1,762,732
Income Tax Payable	-	3,420
Provisions	41,745	54,125
Other Financial Liabilities	-	-
Total Current Liabilities	<u>2,006,452</u>	<u>1,820,277</u>
Non-Current Liabilities		
Provisions	-	-
Other Financial Liabilities	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>2,006,452</u></u>	<u><u>1,820,277</u></u>
Net Assets	<u><u>6,597,208</u></u>	<u><u>5,921,993</u></u>
EQUITY		
Retained Earnings	1,153,824	1,153,824
Financial Asset Reserve	(43,813)	-
Research Reserve	5,487,197	4,768,169
Total Equity	<u><u>6,597,208</u></u>	<u><u>5,921,993</u></u>

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

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
Cash flows from operating activities		
Cash receipts from customers and clients	2,550,090	2,453,914
Cash receipts from major lotteries	9,604,504	10,397,938
Payments in relation to major lotteries	(7,765,485)	(8,367,362)
Payments to suppliers and employees	(1,019,428)	(1,619,323)
Grants paid	(2,739,668)	(2,847,662)
Investment income	139,973	134,579
Income tax paid	(3,983)	-
Interest received	183,726	236,356
Net cash outflow from operating activities	<u>949,729</u>	<u>388,440</u>
Cash flows from investing activities		
Proceeds from Sale of Put Options	-	272,301
Net Sale/(Purchase) of investments	(354,687)	75,065
Purchase of property, plant and equipment	(22,333)	(1,162,754)
Proceeds from sale of property, plant and equipment	-	28,000
Net cash inflow/(outflow) from investing activities	<u>(377,020)</u>	<u>(787,388)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	572,709	(398,948)
Cash and cash equivalents at beginning of period	3,936,002	4,334,950
Cash and cash equivalents at end of period	<u>4,508,711</u>	<u>3,936,002</u>

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

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

SUMMARISED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Financial Asset Reserve \$	Research Reserve \$	Retained earnings \$	Total equity \$
At 1 July 2010		-	4,400,000	1,153,824	5,553,824
Total comprehensive income for the year					
Surplus for the year		-	-	368,169	368,169
<i>Other comprehensive income</i>					
Transfer (to)/from reserves		-	368,169	(368,169)	-
At 30 June 2011		-	4,768,169	1,153,824	5,921,993
Total comprehensive income for the year					
Surplus for the year		-	-	719,028	719,028
<i>Other comprehensive income</i>					
Revaluation adjustment of investments		(43,813)	-	-	(43,813)
Transfer (to)/from reserves		-	719,028	(719,028)	-
At 30 June 2012		(43,813)	5,487,197	1,153,824	6,597,208

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

**THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES**

ABN 86 248 830 078

**DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 30 JUNE 2012**

Consolidated Statement of Comprehensive Income

The Association's revenues from ordinary activities decreased in 2012 by 7% to \$12,465,240 (2011: \$13,446,761), which included Association fundraising revenue of \$2,445,933 (2011: \$2,478,067), major lottery receipts of \$9,604,504 (2011: \$10,397,938), rental income of \$0 (2011: \$47,611), interest income \$183,726 (2011: \$236,356), asset disposal \$0 (2011: \$93,232), investment income \$139,973 (2011: \$184,832) and sundry income \$91,104 (2011: \$8,725).

Total expenditure decreased in 2012 by 10% to \$11,746,212 (2011: \$13,078,592), which included major lottery expenses of \$7,765,485 (2011: \$8,367,362), fundraising expenses of \$59,893 (2011: \$312,677), employee expenses of \$777,302 (2011: \$1,012,747), depreciation and amortisation expenses of \$71,160 (2011: \$80,105), business administration expenses of \$332,141 (2011: 454,619) and payment for research, hospital support and patient care activities of \$2,739,668 (2011: \$2,847,662).

The profit attributable to members increased in 2012 by \$350,859 to \$719,028; from a decrease in 2011 of \$4,087,901.

Consolidated Statement of Financial Position

The Association's net assets increased by 11% in 2012 to \$6,597,208 (2011: \$5,921,993). This increase of \$675,215 reflects the Association's operating surplus for 2012.

Total assets in 2012 increased by \$861,390 or 11% to \$8,603,660 (2011: \$7,742,270). Cash holdings increased during the period by \$572,709, trade and other receivables decreased by \$4,958, other current assets increased by \$31,542, financial assets increased by \$310,874 and property plant and equipment decreased by \$48,827.

Total liabilities in 2012 increased by \$186,175 or 10% to \$2,006,452 (2011: \$1,820,277). Trade and other payables increased by \$201,975, income tax payable decreased by \$3,420 and provisions decreased by \$12,380.

Establishment of Research Reserve

The Association has established a research reserve to ensure that sufficient funds are available in the future to fund forward grant commitments which the Association estimates will be in excess of \$5 million. During the year an amount of \$719,028 was apportioned from retained earnings to this reserve. When the direct funding amount of \$2,739,668 provided to research, hospital support and patient care activities is added to the \$719,028 appropriated to the research reserve in the 2012 financial year, the total of \$3,458,696 represents 75% of the Association's gross profit that has been spent on research, hospital support and patient care activities and or allocated to the research reserve in 2012.

Consolidated Statement of Cash Flows

Net cash in flows provided by operating activities in 2012 were \$949,729 (2011: 388,440), which represents an increase of \$561,289 in cash provided by operating activities.

During 2012 receipts from customers and clients increased by \$96,176, major lottery receipts decreased by \$793,434, payments to suppliers and employees decreased by \$599,895, payments in relation to major lotteries decreased by \$601,877 and grants paid decreased by \$107,994.

The net cash outflow from investing activities were \$377,020 (2011: \$787,388). Receipts from sale of put options decreased by \$272,301, payments for the purchase of investments increased by \$429,752, payments for property plant and equipment decreased by \$1,140,421 and receipts from sale of property, plant and equipment decreased by \$28,000.

The Association's cash increased by \$572,709 during the year to \$4,508,711 (2011: decrease of \$398,948).

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Basis of Preparation

The summarised financial statements cover the consolidated financial statements of The Queen Elizabeth Hospital Research Foundation Incorporated and its controlled entities. The Queen Elizabeth Hospital Research Foundation Incorporated is an Association under the Associations Incorporation Act (SA) 1985, incorporated and domiciled in Australia.

The Association's registered office and principal place of business is:
The Queen Elizabeth Hospital Research Foundation Inc
60 Woodville Road
WOODVILLE SA 5011

The summarised financial statements are special purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act (SA) 1985.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply.

The summarised financial statements and specific disclosures have been derived from the Association's full financial report for the financial year. The summarised financial report does not and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Association, and should be read in conjunction with the full financial statements which includes all disclosures required by the relevant financial reporting framework.

The financial report has been prepared on an accruals basis and is based on historic costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies used in the preparation of the Association's full financial report have been consistently applied, unless otherwise stated and are, in the opinion of the Committee members, appropriate to meet the needs of the Association.

2 Segment Reporting

The association predominately operates in one business and geographical segment raising funds to support research principally at the Queen Elizabeth Hospital.

3 Key management personnel compensation

	Short-Term Benefit	Post- Employment	Total
	\$	\$	\$
2012			
Total Compensation	220,039	19,804	239,843
2011			
Total Compensation	178,900	16,101	195,001

4 Capital and Operating Leasing Commitments

Operating lease commitments.

No capital or operating lease commitments existed at 30 June 2012 (2011:nil).

THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED
AND CONTROLLED ENTITIES

ABN 86 248 830 078

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

5 Contingent Liabilities

No contingent liabilities existed at 30 June 2012 (2011: nil)

6 Research Commitment

The Association has agreed to funding commitments for research of \$4,408,875 (2011 \$11,975,180) payable to various organisations between now and the year ending 30 June 2015.

7 Funding and Solvency

The ability of the Committee to provide services at the current level of operations is dependent upon the Association maintaining and increasing the existing donor levels, sponsorship, grant funding and other additional sources of funding, as well as achieving positive operating cash flows and operational surpluses.

8 Events after the Reporting Period

There have been no other significant events which have occurred subsequent to 30 June 2012 (2011: nil).

9 Remuneration of Committee Members

During the year the Association and Controlled Entities utilised the services of organisations related to three Committee members. The transactions were conducted under normal trading terms and conditions. There were no benefits arising out of these transactions directly attributable to the Committee members.

Details of the transactions were as follows:

	2012	2011
Finlaysons - legal advice	4,814	5,350
Perpetual Trustee	17,045	21,768
	<u>21,859</u>	<u>27,118</u>

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION
INCORPORATED

The accompanying summarised financial statements of The Queen Elizabeth Hospital Research Foundation Incorporated, which comprises the summarised consolidated statement of financial position as at 30 June 2012, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, related notes and the statement by members of the committee are derived from the audited financial statements of The Queen Elizabeth Hospital Research Foundation Incorporated. We expressed an unmodified audit opinion on those financial statements in our report dated 13 November 2012. That financial report and the summarised financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on that financial report

The summarised financial statements do not contain all the disclosures required by the Australian Accounting Standards. Consequently, reading the summarised financial statements is not a substitute for reading the audited financial statement of The Queen Elizabeth Hospital Research Foundation Incorporated.

Committee's Responsibility for the Summarised Financial Statements

The committee members of the association are responsible for the preparation and fair presentation of the summarised financial statements on the basis described in note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summarised financial statements derived from the audited financial report of The Queen Elizabeth Hospital Research Foundation Incorporated for the year ended 30 June 2012 are consistent, in all material respects, with that audited financial report, on the basis described in Note 1.



BDO (SA)



Paul Gosnold
Partner

16 November 2012