

**HEART RESEARCH CENTRE**



**GENERAL PURPOSE  
FINANCIAL REPORT**

**2009**

**Heart Research Centre**

A company limited by guarantee

ACN 060 479 763

**DIRECTORS' REPORT**

Your Directors present their report on the company for the year ended 30 June 2009.

The following persons were Directors of the company during the whole financial year and up to the date of this report:-

- Professor Shane Thomas, Public Health Researcher, President
- Professor Edward Janus, Consultant Physician
- Ms Beverley Knowles, Marketing and Communications Consultant
- Ms Neroli Martin, Solicitor, Vice President
- Ms Kathy Soros, Accountant, Treasurer
- Mr David Young, Solicitor, Secretary

**Principal activities:**

The principal activities of the centre during the financial year were to conduct research and training programs relating to the diseases of the heart and allied subjects and to raise funds for this purpose.

**Review of Operations:**

The accounts are 'General Purpose Financial Statements'.

The result from ordinary activities of the operations of the centre was a deficit of \$64,306 compared with a deficit of \$70,231 in 2008. The net assets of the centre at the end of the financial year were \$2,054,393 compared with \$2,118,699 in the previous year.

*(i) Research and Training Programs*

The following research programs are currently in progress:

- Depression as a predictor of mortality: a 25 year follow-up study
- Depression in rural cardiac patients
- A trial of a secondary prevention intervention based upon cognitive behaviour therapy
- Predictors of mortality in female cardiac patients
- Cardiac rehabilitation attendance as a predictor of long-term outcomes
- Improving occupational outcomes of acute cardiac events
- Psychosocial outcomes of coronary artery bypass graft surgery

The following training programs are currently being conducted:

- Five day training program in cardiovascular disease rehabilitation and prevention
- Integrated disease management for patients with chronic heart failure
- Leading group sessions in cardiac rehabilitation
- Psychosocial issues in coronary heart disease

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**DIRECTORS' REPORT** (continued)

- Motivational interviewing to help patients improve their health behaviours
- Changing health behaviours using cognitive behaviour therapy
- Secondary prevention of cardiovascular disease: inter-professional learning
- QUIT: motivational interviewing

*(ii) Donations*

We would like to thank our loyal donors who once again supported our research programs by donating \$783,676. Donors gave \$771,947 in the previous year.

*(iii) Raffles*

We would like to thank all our supporters who participated in the four raffles held this year, helping us to generate a total of \$2,009,911 in revenue from raffles for the year, compared with \$1,942,372 in the previous year.

**Dividends:**

No dividend has been paid. The Memorandum of Association of the company prohibits the payment of dividends to members.

**Significant Changes in State of Affairs:**

No significant change in the state of affairs of the Centre occurred during the financial year.

**Matters Subsequent to the end of the Financial Year:**

Since June 2009, no matter or circumstance has arisen that has significantly affected or may significantly affect:

- (a) the company's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the company's state of affairs in future financial years.

**Likely Developments and Expected Results of Operations:**

In the opinion of the Directors, there are no likely developments that will change the nature of the operations of the Centre.

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**DIRECTORS' REPORT** (continued)**Information on Directors**

<b>Director</b>	<b>Experience</b>	<b>Special Responsibilities</b>
<b>Professor Shane Thomas</b> BA(Hons), DipPubPol, PhD	Non-executive Director for five years. Public health researcher for 30 years.	<b>President, Chairman</b>
<b>Ms Neroli Martin</b> BA, LLB	Non-executive Director for fifteen years. Practising solicitor for over 20 years.	<b>Vice – President</b>
<b>Mr David Young</b> LLB	Non-executive Director for fifteen years. Practising solicitor for over 35 years.	<b>Secretary</b>
<b>Ms Kathy Soros</b> BBus, CPA	Non-executive Director for four years. Accountant for 30 years.	<b>Treasurer</b>
<b>Ms Beverley Knowles</b> BA, DipEd (Qld), FAICD MPRIA	Non-executive Director for ten years. Director of public relations company for over eight years. Public relations practitioner for over 35 years.	
<b>Prof Edward Janus</b> MD, PhD, FRACP, FRCPA	Non-executive Director for five years. Consultant Physician and medical researcher for over 30 years.	

**Environmental Regulation:**

The company has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

**Indemnifying Officers or Auditor:**

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 company.

**Meetings of Directors:**

During the financial year four meetings of Directors (including committees) were held.

Attendances were:

Directors' meetings	Number eligible	Number attended
Prof Edward JANUS	4	4
Ms Beverley KNOWLES	4	4
Ms Neroli MARTIN	4	3
Ms Kathy SOROS	4	4
Prof Shane THOMAS	4	2
Mr David YOUNG	4	3

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**DIRECTORS' REPORT** (continued)**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Directors' Benefits**

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the centre with a director, a firm of which the director is a member or with an entity in which the director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Centre's accounts, or the fixed salary of a full-time employee of the centre.

**Auditor**

WHK Day Neilson continues in office in accordance with section 327 of the *Corporations Act 2001*. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

This report is made in accordance with a resolution of the Directors.

Signed at Melbourne this        day of                    2009

Director – Prof Shane Thomas

Director - Ms Kathy Soros

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTES	2009 \$	2008 \$
Revenue	2	3,310,652	3,000,963
Fundraising		(1,750,179)	(1,705,945)
Salaries & benefits		(1,126,768)	(908,680)
Depreciation		(10,917)	(13,864)
Operating & administration costs	3	(487,094)	(442,705)
		<hr/>	<hr/>
<b>Surplus/(Deficit) for the year</b>		<b>(64,306)</b>	<b>(70,231)</b>
		<hr/>	<hr/>

The accompanying notes form part of these financial statements

**Heart Research Centre**  
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**BALANCE SHEET**  
**AS AT 30 JUNE 2009**

	NOTES	2009	2008
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,191,065	134,121
Trade and other receivables	9	105,652	90,854
Financial Assets	10	28,000	2,078,000
Other assets		15,536	16,529
<b>TOTAL CURRENT ASSETS</b>		<b>2,340,253</b>	<b>2,319,504</b>
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment	11	22,604	27,456
<b>TOTAL NON CURRENT ASSETS</b>		<b>22,604</b>	<b>27,456</b>
<b>TOTAL ASSETS</b>		<b>2,362,857</b>	<b>2,346,960</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	96,848	72,069
Provisions	13	207,719	154,221
<b>TOTAL CURRENT LIABILITIES</b>		<b>304,567</b>	<b>226,290</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	3,897	1,971
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,897</b>	<b>1,971</b>
<b>TOTAL LIABILITIES</b>		<b>308,464</b>	<b>228,261</b>
<b>NET ASSETS</b>		<b>2,054,393</b>	<b>2,118,699</b>
<b>EQUITY</b>			
Retained surplus		2,054,393	2,118,699
<b>TOTAL EQUITY</b>		<b>2,054,393</b>	<b>2,118,699</b>

The accompanying notes form part of these financial statements

**Heart Research Centre**

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**STATEMENT OF RECOGNISED INCOME & EXPENSES  
FOR THE YEAR ENDED 30TH JUNE 2009**

	<b>Retained Surplus</b>	<b>Total Equity</b>
	\$	\$
<b>At 1 July 2007</b>	<b>2,188,930</b>	<b>2,188,930</b>
Deficit for the year	(70,231)	(70,231)
<b>At 30 June 2008</b>	<b>2,118,699</b>	<b>2,118,699</b>
Deficit for the year	(64,306)	(64,306)
<b>At 30 June 2009</b>	<b>2,054,393</b>	<b>2,054,393</b>

The accompanying notes form part of these financial statements

**Heart Research Centre**

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**CASH FLOW STATEMENT****FOR THE YEAR ENDED 30 JUNE 2009**

	<b>NOTES</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from grants		93,645	71,290
Receipts from fundraising		2,793,587	2,714,319
Interest received		126,671	143,199
Receipts from other operations		281,951	55,866
Payments to suppliers & employees		(3,282,845)	(3,096,003)
<b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>	15(b)	<b>13,009</b>	<b>(111,329)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in financial assets		2,050,000	(1,541,774)
Payments for property, plant & Equipment		(6,065)	(7,768)
<b>NET CASHFLOW FROM INVESTING ACTIVITIES</b>		<b>2,043,935</b>	<b>(1,549,542)</b>
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>		<b>2,056,944</b>	<b>(1,660,871)</b>
Cash at the beginning of the financial year		134,121	1,794,992
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	15(a)	<b>2,191,065</b>	<b>134,121</b>

The accompanying notes form part of these financial statements

## Heart Research Centre

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### NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose report prepared in accordance with currently applicable Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

##### **Basis of Preparation of Financial Report**

The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies set out below have been consistently applied to all years presented.

##### **(a) Revenue Recognition**

Revenue is recognised for the major business activities as follows:

- (i) *Donations*  
Revenue from donations is recognised as revenue in the year in which the donation is received.
- (ii) *Grants*  
Grant Income is recognised in full as income in the year in which they are received. This occurs because Grant Income is not considered to be controlled by the company until it is received, and it is only on receipt that the company expects to obtain the economic benefits comprising the grant.
- (iii) *Fundraisings*  
Revenue from fundraising is recognised in the year funds are received in the bank.
- (iv) *Interest revenue*  
Revenue is recognised as the interest accrues for the accounting period.

##### **(b) Income Tax**

The centre is exempt from paying income tax as it is a charitable institution in terms of Sections 50-5 and 50-60 of the Income Tax Assessment Act, 1997. Therefore Tax Effect accounting is not required.

The Centre is entitled to a partial exemption from Fringe Benefits Tax.

##### **(c) Property, Plant and Equipment**

Plant and equipment of \$1,000 or more is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

Plant and Equipment

3 – 10 years

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**(d) Acquisition of Assets**

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition

**(e) Leased Non-Current Assets**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the economic entity will obtain ownership of the asset, the life of the asset.

Other operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

**(f) Employee Entitlements***(i) Wages and Salaries and Annual Leave*

Liabilities for wages and salaries and annual leave are recognised, and are measured, as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date.

*(ii) Long Service Leave*

A liability for long service leave is recognised, and is measured, as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**(g) Cash and cash equivalents**

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

For the purposes of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

**(h) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**(i) Financial instruments**

All financial assets are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

**Held to maturity investments**

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

**(j) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

**(k) Impairment of assets**

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If the carrying amount of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The write-down is recognised as an expense in the income statement in the reporting period it occurs.

**(l) Critical accounting estimates**

The Directors evaluate estimates incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

*Key estimates – impairment:*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

*Key judgements – Doubtful debts provision:*

Included in accounts receivable at 30 June 2009 is an amount receivable from the Australian Taxation Office which is material and an amount from other debtors that is immaterial. The Directors believe that the full amount of the debt will be recoverable and a doubtful debt provision has not been made at 30 June 2009.

**(m) Comparative figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**(n) New standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the company in the period for initial application.

Revised AASB 101 *Presentation of Financial Statements* (2007) becomes mandatory for the company's financial report for the year ending 30 June 2010. Revised AASB 10:

- Introduced the term 'total comprehensive income' which is defined as the change in equity during a period resulting from transactions other than those changes resulting from transactions with owners in their capacity as owners
- Allows for the presentation of total comprehensive income in either a single statement of comprehensive income or in an income statement and separate statement of comprehensive income.

Revised AASB 101 is not expected to have a significant impact on the presentation of the company's financial statements. The company intends to provide total comprehensive income in a single statement of comprehensive income for its 2010 financial statements.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>		
Donations and Bequests	783,676	771,947
Grants	93,645	71,290
Interest received	117,118	150,505
Raffles	2,009,911	1,942,372
Training Course Fees & Book Sales	105,486	64,849
Other income	200,816	-
	<b>3,310,652</b>	<b>3,000,963</b>
<b>3. OPERATING &amp; ADMINISTRATION COSTS</b>		
Audit fees	8,500	8,800
Bank charges	24,322	25,193
Communications	31,774	21,418
Computer maintenance & equipment lease	2,801	7,308
Consultancy fees	49,805	47,343
Health education and public relations	28,553	24,674
Insurance	7,627	9,519
Legal fees	46,092	33,946
Conferences	7,633	12,717
Motor vehicle	14,761	12,819
Postage, printing & stationery	34,792	26,103
Rent & occupancy	134,040	117,144
Staff amenities	3,469	4,288
Training courses	30,912	33,218
Travel	21,022	34,157
Other	40,991	24,058
	<b>487,094</b>	<b>442,705</b>

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)**4. REMUNERATION OF DIRECTORS**

The Directors did not receive any remuneration from the Centre during the financial year.

**5. AUDITOR'S REMUNERATION**

Remuneration of \$8,500 is due to the auditors for auditing the accounts.

**6. RELATED PARTIES**

The names of persons who were Directors of the Centre are set out in the Directors' Report. There were no remuneration or payments made to Directors.

**7. MEMBERS' GUARANTEE**

The Centre is a company incorporated under the Corporations Law as a company limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 30 June 2009 the number of members was six (2008: 6).

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	200	200
Cash at Banks	190,865	133,921
Term Deposits (<90 days)	2,000,000	-
Total	<u>2,191,065</u>	<u>134,121</u>
<b>9. RECEIVABLES</b>		
Debtors	48,184	12,367
Investment income receivable	12,871	22,424
GST Receivable	44,597	56,063
Total	<u>105,652</u>	<u>90,854</u>
<b>10. FINANCIAL ASSETS</b>		
<i>Held to maturity financial assets:</i>		
Term Deposits (>90 days)	-	2,050,000
Fixed Deposits	28,000	28,000
Total	<u>28,000</u>	<u>2,078,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009 (continued)**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>11. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Office equipment</b>		
At cost	12,101	12,101
Less: Accumulated depreciation	8,818	7,953
	<u>3,283</u>	<u>4,148</u>
<b>Motor Vehicles</b>		
At cost	41,946	41,946
Less: Accumulated depreciation	41,946	41,712
	<u>-</u>	<u>234</u>
<b>Computer Hardware</b>		
At cost	80,510	74,446
Less: Accumulated depreciation	63,822	54,565
	<u>16,688</u>	<u>19,881</u>
<b>Furniture and Fittings</b>		
At cost	20,204	20,204
Less Accumulated depreciation	17,571	17,011
	<u>2,633</u>	<u>3,193</u>
Total property, plant & equipment	<u>22,604</u>	<u>27,456</u>

**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below.

**Office equipment**

Carrying value at 1 July 2008	4,148	4,978
Additions	-	-
Depreciation	(865)	(830)
Carrying value at 30 June 2009	<u>3,283</u>	<u>4,148</u>

**Motor Vehicles**

Carrying value at 1 July 2008	234	3,043
Depreciation	(234)	(2,809)
Carrying value at 30 June 2009	<u>-</u>	<u>234</u>

**Computer Hardware**

Carrying value at 1 July 2008	19,881	21,460
Additions	6,064	7,769
Depreciation	(9,257)	(9,348)
Carrying value at 30 June 2009	<u>16,688</u>	<u>19,881</u>

**Furniture and Fittings**

Carrying value at 1 July 2008	3,193	4,071
Depreciation	(560)	(878)
Carrying value at 30 June 2009	<u>2,633</u>	<u>3,193</u>

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009 (continued)**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>12. ACCOUNTS PAYABLE</b>		
Trade creditors	27,577	535
Accrued Liabilities	49,602	47,250
Payroll Liabilities	19,669	24,284
Total	<u>96,848</u>	<u>72,069</u>
<b>13. PROVISIONS FOR EMPLOYEE BENEFITS</b>		
Employee benefit and related on-cost liabilities		
Provision for annual leave – current	148,276	106,654
Provision for long service leave – current	59,443	47,567
Total – current	<u>207,719</u>	<u>154,221</u>
Provision for annual leave – non-current	-	-
Provision for long service leave – non-current	3,897	1,971
Total – non-current	<u>3,897</u>	<u>1,971</u>
Aggregate employee benefit and related on-costs liabilities	<u>211,616</u>	<u>156,192</u>
<b>Employee numbers</b>		
Average number of employees during the financial year	<b>2009</b> 16	<b>2008</b> 13
<b>14. COMMITMENTS FOR EXPENDITURE</b>		
Commitments in relation to operating leases are payable as follows:	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	125,076	113,529
Later than one year but not later than 2 years	31,269	145,440
Later than 2 years but not later than 5 years	-	-
Representing lease liabilities:		
Current	125,076	113,529
Non-current	31,269	145,440

**Heart Research Centre**

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)

	2009 \$	2008 \$
<b>15. CASH FLOW INFORMATION</b>		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	2,191,065	134,121
Cash at end of year	<u>2,191,065</u>	<u>134,121</u>
(b) Reconciliation of cash flow from operations with surplus from operating activities:		
Operating surplus/(deficit)	(64,306)	(70,231)
Depreciation	10,917	13,864
(Increase) / Decrease in receivables	(14,798)	(21,688)
(Increase) / Decrease in prepayments	993	(13,512)
Increase / (Decrease) in creditors	24,779	(21,566)
Increase / (Decrease) in provisions	55,424	1,804
Net cash flow from operating activities	<u>13,809</u>	<u>(111,329)</u>

**16. FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise cash and short term deposits and finance leases, along with various other financial assets and liabilities such as trade receivable and trade payables which arise from its operations.

**(a) Credit Risk Exposure**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company. Receivables are monitored on a regular basis to ensure the exposure to bad debts is not significant.

**(b) Market risk Exposure**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The company's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

**(c) Interest Rate Risk Exposure**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities, is set out as follows. Exposures arise predominantly from assets bearing variable interest rates as the company intends to hold any fixed rate assets to maturity.

**Heart Research Centre**

A company limited by guarantee

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009 (continued)****16. FINANCIAL INSTRUMENTS (continued)****2009**

<b>Financial Instruments</b>	<b>Weighted average effective interest rate</b>	<b>Floating interest rate</b>	<b>Fixed interest rate maturing within one year</b>	<b>Non interest bearing</b>	<b>Total carrying amount as per the Balance Sheet</b>
	<b>2009 %</b>	<b>2009 \$</b>	<b>2009 \$</b>	<b>2009 \$</b>	<b>2009 \$</b>
<b><i>(i) Financial Assets</i></b>					
Cash on hand		-	-	200	200
Cash at bank	3.60	-	-	190,865	190,865
Term deposits	5.57	-	2,000,000	28,000	2,028,000
Receivables	-	-	-	48,184	48,184
<b>Total Financial Assets</b>		-	<b>2,000,000</b>	<b>267,249</b>	<b>2,267,249</b>
<b><i>(ii) Financial Liabilities</i></b>					
Payables	-	-	-	96,848	96,848
<b>Total Financial Liabilities</b>		-	-	<b>96,848</b>	<b>96,848</b>

**2008**

<b>Financial Instruments</b>	<b>Weighted average effective interest rate</b>	<b>Floating interest rate</b>	<b>Fixed interest rate maturing within one year</b>	<b>Non interest bearing</b>	<b>Total carrying amount as per the Balance Sheet</b>
	<b>2008 %</b>	<b>2008 \$</b>	<b>2008 \$</b>	<b>2008 \$</b>	<b>2008 \$</b>
<b><i>(i) Financial Assets</i></b>					
Cash on hand		-	-	200	200
Cash at bank		-	-	133,921	133,921
Term deposits	7.30	-	2,050,000	28,000	2,078,000
Receivables	-	-	-	12,367	12,367
<b>Total Financial Assets</b>		-	<b>2,050,000</b>	<b>174,488</b>	<b>2,224,488</b>
<b><i>(ii) Financial Liabilities</i></b>					
Payables	-	-	-	72,069	72,069
<b>Total Financial Liabilities</b>		-	-	<b>72,069</b>	<b>72,069</b>

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)**16. FINANCIAL INSTRUMENTS** (continued)**(d) Liquidity Risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover financial assets at all.

To help reduce these risks we:

- have both readily accessible funds at call and other funding arrangements with the investment institutions in place to redeem invested funds before maturity only forfeiting the interest that would have been earned between the redemption date and maturity;
- have a portfolio structure that requires surplus funds to be invested at call until minimum is covered then to terms as required;
- monitor cashflow performance on a regular basis based on historical high and low flow periods.

The company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

**(e) Market Sensitivity Analysis**

The sensitivity analysis below has been based on the exposure to interest rates as at the reporting date and that the change would take place from the beginning of the year and be held constant throughout the reporting period.

At reporting date if interest rates had been 100 basis points higher the reported net result would have been \$22,006 higher (2008: \$20,500). Had interest rates been 50 basis points lower, net result would have been \$11,003 lower (2008: \$10,250).

The company has no borrowings at balance date.

The company does not face any other significant risks and has therefore not disclosed any other market sensitivity analyses.

**Heart Research Centre**

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**NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009** (continued)

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>17. KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Key management personnel during the year were:		
Dr Marian Worcester (Director)		
Mrs Prue Georgeson (Administration Manager)		
Mr Craig Stapleton (Finance Manager)		
The aggregate compensation made to members of key management personnel of the company is set out below:		
<b>Short Term Employee Benefits</b>		
Salary	280,051	247,471
<b>Post Employment Benefits</b>		
Superannuation	47,609	41,676
<b>Total Benefits</b>	<u>327,660</u>	<u>289,147</u>

**Heart Research Centre**

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**DIRECTORS' DECLARATION**

The Directors of the company declare that

1. the financial statements and notes set out on pages 5 to 19 are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the company's financial position as at 30 June 2009 and the performance for the year ended on that date.
2. In the Directors' opinion: there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dated this 16<sup>th</sup> day of October 2009.



Director – Prof Shane Thomas




Director – Ms Kathy Soros


**AUDITOR'S INDEPENDENCE DECLARATION**

I declare, that to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- I. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the auditor; and
- II. No contraventions of any applicable code of professional conduct in relation to the audit.

Signed in Melbourne the day of <sup>9<sup>th</sup></sup> ~~September~~ 2009

  
WHK Day Neilson

  
Margaret Crossley  
Principal

## INDEPENDENT AUDIT REPORT

to the Members of Heart Research Centre (a company limited by guarantee)

### Report in the financial report

We have audited the accompanying financial report of Heart Research Centre which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expenses, and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

### Directors' responsibility for the financial report

The Directors of the company are responsible for the preparation and presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Heart Research Centre on October 2008, would be in the same terms if provided to the Directors as at the date of this auditor's report.

### Audit Opinion

In our opinion, the financial report of Heart Research Centre is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



WHK Day Neilson

Margaret Crossley  
Principal

Dated this 16 day of October 2009