

HCF Research Foundation

ABN 40 577 146 605

Financial Report for the year ended
30 June 2024

Contents (continued)

Trustee Report	1
Auditor's Independence Declaration	3
Trustee Declaration	5

Financial statements

Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9

Notes to the Financial Statements

About This Report	10
-------------------	----

Key numbers

1	Investment Income	11
2	Expenses	12
3	Cash and Cash Equivalents	13
4	Financial Assets at Fair Value Through Profit or Loss	14
5	GST Receivables	15
6	Research Grants Payable	15
7	Trade and Other Payables	16
8	Commitments	16
9	Contingent Assets and Liabilities	16
10	Events After the Reporting Period	16

Contents (continued)

Other

11	Trustee Remuneration	16
12	Auditor's Remuneration	16
13	New Accounting Standards	17

Trustee Report

HCF Research Foundation Ltd (the 'Corporate Trustee') as the trustee of HCF Research Foundation (the 'Foundation') has pleasure in submitting its report for the year ended 30 June 2024.

The general purpose Financial Report of the Foundation was authorised for issue in accordance with a resolution of the Directors of the Corporate Trustee on 12 August 2024.

Directors

The names of the Directors of the Corporate Trustee in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

- Claire Jackson - Chair
- Lisa McIntyre (retired on 31 August 2023)
- John Barrington
- Sheena Jack
- Karen Price (appointed on 3 November 2023)
- Michael Bassingthwaighe (retired on 20 September 2023)

Company Secretary

Nathan Francis held office as Company Secretary of the Corporate Trustee to the date of this report.

Principal activities

The principal activities of the Foundation within Australia during the financial year or up to the date of this report were to invest funds, and to provide research grants within the provisions of the Trust Deed.

Results and Dividends

Results

The net profit after income tax was \$2,237,930 (2023: \$3,047,946).

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the Directors recommend the declaration of a dividend.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Foundation during the financial year.

Trustee Report (continued)

Significant events after the balance date

There have been no significant events that occurred after the balance date which may affect either the Foundation's operations or results of those operations or the Foundation's state of affairs in future years.

Likely developments and expected results

The investment strategy of the Foundation will be maintained in accordance with the Foundation's Trust Deed. Future investment income will depend on the performance of investment markets in which the Foundation chooses to invest.

Environmental regulation and performance

The Foundation is not subject to any particular or significant environmental regulation under laws of the Commonwealth, State or Territory.

Indemnification of Directors

During or since the financial year, The Hospitals Contribution Fund of Australia Ltd ("HCF") has paid premiums in respect of contracts insuring any past, present or future Directors, Secretaries and other officers of the Foundation against certain liabilities. In accordance with common commercial practices, the insurance policies prohibit disclosure of the nature of the liabilities insured against and the amount of the premiums.

Indemnification of auditors

To the extent permitted by law, the Foundation has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year ended 30 June 2024.

Auditor's Independence Declaration

To the Directors of the Corporate Trustee of the HCF Research Foundation.

We have received an independence declaration from our auditors, Ernst & Young, which is set out below and forms part of the Trustee Report for the year ended 30 June 2024.

Signed in accordance with a resolution of the Directors.



C. Jackson

Chair

Sydney

12 August 2024



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of the Trustee of the HCF Research Foundation

In relation to our audit of the financial report of HCF Research Foundation for the financial year ended 30 June 2024, and in accordance with the requirements of Subdivision 60 C of the Australian Charities and Not for profits Commission Act 2012, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

Ernst & Young

Louise Burns
Partner
12 August 2024

Trustee Declaration

In accordance with a resolution of the Directors of the Corporate Trustee of the Foundation, I state that:

In the opinion of the Directors:

- (a) the Foundation is not a reporting entity as defined in the Australian Accounting Standards;
- (b) the financial statements and notes of the Foundation are prepared in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
 - (i) present fairly the Foundation's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - (ii) comply with Australian Accounting Standards to the extent described in the notes to the financial statements and complying with the Australian Charities and Not-for-Profits Commission Regulation 2013;
- (c) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



C. Jackson

Chair

12 August 2024

Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2024

		2024	2023
	Notes	\$	\$
Donation income ¹		-	5,000,000
Investment income	1	2,846,387	1,223,828
Movements in financial assets at fair value through profit or loss		2,076,137	2,141,167
Total income		4,922,524	8,364,995
Research grants ²		(1,946,679)	(4,666,723)
Administrative and other expenses	2	(737,914)	(650,326)
Total expenses		(2,684,593)	(5,317,049)
Profit before income tax		2,237,931	3,047,946
Income tax expense		-	-
Net profit after income tax		2,237,931	3,047,946
Other comprehensive income		-	-
Total comprehensive income after income tax		2,237,931	3,047,946

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

¹ In June 2023, HCF donated \$5,000,000 to the Foundation to maintain the required capital level to continue its current strategy.

² Research grants presented in the Statement of Comprehensive Income includes approved research grants of \$1,949,934 (2023: \$4,737,723) during the year, reduced by research grants returned of \$3,255 (2023: \$71,000).

Financial Statements

Statement of Financial Position

As at 30 June 2024

		2024	2023
	Notes	\$	\$
Assets			
Cash and cash equivalents	3(b)	533,436	6,048,329
Distribution receivables		1,868,214	583,393
Financial assets at fair value through profit or loss	4	51,202,482	45,426,345
GST receivables	5	12,421	800
Total assets		53,616,553	52,058,867
Liabilities			
Research grants payable	6	4,311,824	4,959,005
Trade and other payables	7	152,539	185,603
Total liabilities		4,464,363	5,144,608
Net Assets		49,152,190	46,914,259
Equity			
Trust capital		1,000	1,000
Retained earnings		49,151,190	46,913,259
Total equity		49,152,190	46,914,259

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Financial Statements

Statement of Changes in Equity

For the year ended 30 June 2024

	Issued capital	Retained earnings	Total equity
	\$	\$	\$
As at 1 July 2023	1,000	46,913,259	46,914,259
Net profit after income tax	-	2,237,931	2,237,931
Balance at end of period	1,000	49,151,190	49,152,190
As at 1 July 2022	1,000	43,865,313	43,866,313
Net profit after income tax	-	3,047,946	3,047,946
Balance at end of period	1,000	46,913,259	46,914,259

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

Statement of Cash Flows

For the year ended 30 June 2024

		2024	2023
	Notes	\$	\$
Cash flows from operating activities			
Donation received		-	5,000,000
GST received		324,856	283,532
Imputation tax refund received		137,337	154,743
Interest received		57,687	42,605
Research grants paid		(2,853,247)	(2,109,089)
Payments to suppliers		(848,068)	(638,578)
Net cash flows (used in)/from operating activities	3(a)	(3,181,435)	2,733,213
Cash flows from investing activities			
Distributions received		1,366,542	2,905,027
Purchase of investments		(3,700,000)	-
Net cash flows (used in)/from investing activities		(2,333,458)	2,905,027
Net (decrease)/increase in cash and cash equivalents		(5,514,893)	5,638,240
Balance at start of period		6,048,329	410,089
Balance at end of period	3(b)	533,436	6,048,329

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2024

The HCF Research Foundation was established on 29 June 2000 by the execution of a Trust Deed between HCF and the Trustee of the Foundation. The Foundation is domiciled in Australia. The registered office is located at 403 George Street, Sydney, NSW, 2000.

These general purpose financial statements for the year ended 30 June 2024 are prepared complying with the *Australian Accounting Standards - Simplified Disclosures*.

Income tax

The Foundation is an Income Tax Exempt Charity. The Foundation has been registered under the provisions of *The Charitable Fundraising Act 1991* and in accordance with Subdivision 50-B of the *Income Tax Assessment Act 1997* is not liable for income tax.

Notes

The notes include information which is required to understand the financial report and is material and relevant to the operations, financial position and performance of the Foundation. Information is considered material and relevant if:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Foundation;
- it helps to explain the impact of significant changes in the Foundation's business; and
- it relates to an aspect of the Foundation's operations that is important to its future performance.

The notes are organised into the following sections:

Key numbers: provides a breakdown of individual line items in the financial statements that the Directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;

Unrecognised items: provides information about items that are not recognised in the financial statements but could potentially have an impact on the Foundation's financial position and performance; and

Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered critical in understanding the financial performance or position of the Foundation.

Donation income is recognised once the Foundation's right to receive the payment is established.

All assets and liabilities are presented in order of approximate liquidity.

Notes to the Financial Statements

For the year ended 30 June 2024

1. Investment Income

	2024	2023
	\$	\$
Distribution income	2,651,363	1,026,480
Imputation tax refunds	137,337	154,743
Interest income	57,687	42,605
Total income	2,846,387	1,223,828

Recognition and measurement

Income is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the income can be reliably measured.

(a) Distribution income

Distribution income is recognised when the Foundation's right to receive the income is established.

(b) Interest income

Interest income is recognised on an accrual basis.

Notes to the Financial Statements

For the year ended 30 June 2024

2. Expenses

	2024	2023
	\$	\$
Administrative charge from HCF	699,574	616,946
Advertising	26,694	15,575
Travel expenses	1,034	7,850
Audit fees	6,849	6,589
Printing	-	2,211
Subscriptions	3,554	454
Bank fees	6	76
Sundry expenses	203	625
Total expenses	737,914	650,326

Recognition and measurement

Administrative charge from HCF

HCF supplied supporting services and other administrative functions to the Foundation on a cost recovery basis.

The 2024 increase on prior year was impacted by overhead recharges, with additional time resources spent supporting the Foundation's activities being charged to the Foundation.

Notes to the Financial Statements

For the year ended 30 June 2024

3. Cash and Cash Equivalents

	2024	2023
	\$	\$
(a) Reconciliation of net profit after tax to the net cash flows from operations		
Net profit after tax	2,237,931	3,047,946
Adjustments to reconcile profit before tax to net cash flows:		
Changes in fair value designated through profit or loss	(2,076,137)	(2,141,167)
Distribution income	(2,651,363)	(1,026,480)
Changes in assets and liabilities		
(Decrease)/increase in research grants payable	(647,181)	2,749,369
(Increase)/decrease in GST receivables	(11,621)	33,756
(Decrease)/increase in trade and other payables	(33,064)	69,789
Net cash flows (used in)/from operating activities	(3,181,435)	2,733,213
(b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents	533,436	6,048,329

Recognition and measurement

Cash at bank and on deposit

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to insignificant risk of change in value and bank overdrafts.

Notes to the Financial Statements

For the year ended 30 June 2024

4. Financial Assets at Fair Value Through Profit or Loss

	2024	2023
	\$	\$
Holdings in unlisted unit trust:		
Funds Under Management by JANA (i)	51,202,482	45,426,345
Total financial assets at fair value through profit or loss	51,202,482	45,426,345

(i) Funds Under Management by JANA - Liquidity overview: Units in the trust are generally realisable for cash within 10 business days.

Recognition and measurement

Financial assets at fair value through profit or loss are financial assets designated as fair value through profit or loss at initial recognition.

The fair value of investments traded in financial markets are determined by reference to quoted market bid prices at the close of business on the Statement of Financial Position date. Unlisted unit trusts are recorded at fund managers' valuation. Other valuation techniques are used to determine the fair value for all other unlisted securities.

Notes to the Financial Statements

For the year ended 30 June 2024

5. GST Receivables

	2024	2023
	\$	\$
GST receivables	12,421	800
Total GST receivables	12,421	800

Recognition and measurement

GST receivables arising from acquisitions made by the Foundation are recognised in the Statement of Financial Position in the month the acquisition is made and received from the Australian Government within 30 days.

The Foundation applies a simplified approach in calculating expected credit losses (ECLs), therefore does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Foundation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Debts that are known to be uncollectable are written off when identified. If an amount is subsequently recovered, it is credited against Statement of Comprehensive Income.

6. Research Grants Payable

	2024	2023
	\$	\$
Maturity analysis		
No longer than 12 months	3,375,330	3,483,793
Longer than 12 months but less than 5 years	936,494	1,475,212
Total research grants payable	4,311,824	4,959,005

Recognition and measurement

Research grant expenses/payables are recognised at the date the contract for the grant is signed. The research grant expenses/payables are released in accordance with the payment schedule as specified in the contract.

Notes to the Financial Statements

For the year ended 30 June 2024

7. Trade and Other Payables

	2024	2023
	\$	\$
HCF administration services	152,539	185,603
Total trade and other payables	152,539	185,603

Recognition and measurement

Liabilities for trade and other payables, which are generally settled within 30-day terms and are unsecured, are carried at amortised cost. Payables to related parties are carried at the principal amount.

8. Commitments

The Foundation has no contractual commitments.

9. Contingent Assets and Liabilities

The Foundation has no contingent assets and liabilities.

10. Events After the Reporting Period

No matters have occurred after balance sheet date which have significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation.

11. Trustee Remuneration

The Directors of the Corporate Trustee received \$30,750 remuneration benefits from the Foundation during the year (2023: \$30,000).

12. Auditor's Remuneration

The auditor of HCF Research Foundation is Ernst & Young. Fees for services rendered by the Foundation's auditor in relation to the statutory audit was \$6,849 (2023: \$6,589). There are no non-audit services provided by Ernst & Young.

Notes to the Financial Statements

For the year ended 30 June 2024

13. New Accounting Standards

New and amended accounting standards and interpretations adopted from 1 July 2023

All new and amended Australian Accounting Standards and interpretations mandatory as at 1 July 2023 to the Foundation have been adopted, with no material impact.

Accounting standards and interpretations issued but not yet effective

All new accounting standards and interpretations issued but not yet effective are not expected to have a material impact on the financial statements of the Foundation.