

Copy of financial statements and reports

Company details

Company name

**THE MENZIES RESEARCH CENTRE
LIMITED**

ACN

067 359 684

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial
year ends

Financial year end date

30-06-2019

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Current auditor

Firm Name

Pricewaterhouse Coopers

Address

**One International Towers
Watermans Quay**

**Barangaroo
Sydney 2001
Australia**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name Melanie Louise FARRIS

Date 14-10-2019

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Menzies Research Centre Limited

ABN: 53 067 359 684

Annual Report

For the financial year ended 30 June 2019



MENZIES

RESEARCH CENTRE

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DIRECTORS' REPORT

The Directors present their report of the Menzies Research Centre (MRC) for the financial year ended 30 June 2019. The names and details of the Company's Directors in office during the financial year and until the date of this report are detailed below. Directors were in office for the entire period unless noted otherwise.

H Kevin McCann AM, Chairman

Appointed Non-Executive Director and Chairman 23 June 2017

Kevin McCann AM FAICD has been Chairman and Director of the Menzies Research Centre since 2017. He is Chairman of Citadel Group Limited and Telix Pharmaceuticals Limited. He is a member of the Male Champions of Change, a Presiding Pro Chancellor of the University of Sydney, Co-Vice Chair of the New Colombo Plan Reference Group, a Director of the US Studies Centre and the Advisory Committee Australian Equities Flagship Fund. He is a former Chairman of Macquarie Group Limited and Macquarie Bank Limited, Origin Energy Limited, Healthscope Limited, ING Management Limited, the Sydney Harbour Federation Trust and the National Library of Australia Foundation. He practised in Commercial Law as a Partner of Allens Arthur Robinson from 1970 to 2004 and was Chairman of Partners from 1995 to 2004.

Nicholas Cater, Executive Director

Appointed 30 October 2014

Nick Cater commenced as Executive Director of the Menzies Research Centre on 14 July 2014. Nick is a journalist and author and has been visiting Fellow at the Centre for Independent Studies. He is a former editor of The Weekend Australian and deputy editor of The Sunday Telegraph. He was born and educated in the United Kingdom and began his career at the BBC before moving to Australia in 1989 to join News Corp. He edited The Howard Factor (Melbourne University, 2006) and wrote best-seller The Lucky Culture (HarperCollins, 2013) described by Prime Minister Tony Abbott as a: "...beautifully written and perceptive book [that] is a historical essay on Australia's public culture...it's a personal reflection by a refugee from Thatcherism, now born-again conservative, observed and analysed with a newspaperman's thoroughness". Nick is a columnist with The Australian and a regular commentator on political and cultural affairs on radio and television.

Andrew Abercrombie, Non-Executive Director

Appointed 30 September 2011

Andrew Abercrombie is the Founding Director of FlexiGroup Limited (FXL) and remains involved as the chairman. FXL is a Top 200 company on the ASX. Formerly a commercial and taxation lawyer, he is now engaged in a broad range of commercial and philanthropic interests. As a former Chairman of the Melbourne Chapter of Young Presidents' Organisation and Regional Chairman of World Presidents' Organisation, he continues to participate in international education programs in various roles. He was the Treasurer of the Victorian Liberal Party for 5 years. Formerly a member of the Florey Neurosciences Institute and one of Victoria's Alpine Resort Management Boards, he is also a Director of the Melbourne Zoo Foundation.

Danielle Blain AM, Non-Executive Director

Appointed 18 October 2017

Danielle Blain is a Director of Schaffer Corporation Ltd (ASX: SFC). She has had more than 25 years' experience in international trade and is well versed in the myriad of issues involved in the process of manufacturing in Australia, marketing on and offshore and competing in the global market place. She has been a popular mentor for both young men and women in business and the community. Danielle continues to be actively involved in numerous university, government and charitable Boards as well as the Liberal Party. In 2003 she was elected the first female State President of the Liberal Party of Western Australia and was also a member of the Federal Executive of Australia for 10 years. In 2009 Danielle was awarded a Federal Distinguished Service Award and in 2015 an Hon Life Membership of the Western Australian Division of the Liberal Party. In 2011 Danielle was inducted into the WA Women's Hall of Fame by the Governor of Western

Australia and in the latest round of Queen's Birthday Honours she was awarded an AM for "significant service to business and commerce, to politics in Western Australia, and to Women".

Hon Ian Campbell, Non-Executive Director

Appointed 30 September 2011

The Hon Ian Campbell had a distinguished 17-year career as a Senator in the Australian Federal Parliament and member of the Howard Government Executive for 11 years, retiring in 2007. Mr Campbell held the Cabinet portfolios of Environment and Heritage and Human Services. He served as Minister for Local Government, Territories and Roads, and as Parliamentary Secretary to the Treasurer. Ian also served as Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts. He was Manager of Government Business in the Senate, and a member of the Prime Ministers Leadership Group from 1996 to 2004; and a member of the Expenditure Review Committee of Cabinet from 2004-7. Ian is the Chairman of the Perth Children's Hospital Foundation and Deputy Chairman of ASG Group.

Paul Espie AO, Non-Executive Director

Appointed 30 September 2011

Paul Espie founded Pacific Road Capital, a resources funds management investment business. A prior Chairman of Oxiana Limited and of Cobar Mines Pty Ltd. Paul was previously SVP, Bank of America operations in Australia. He has been a director of several companies and is a Fellow of the Australian Institute of Company Directors and Trustee of the Australian Institute of Mining & Metallurgy, Educational Endowment Fund and the Eisenhower Exchange Fellowship in Australia. He became an Officer of the Order of Australia in 2018 for his services to mining and infrastructure policy and community organisations.

Hon Nicholas Greiner AC, Non-Executive Director

Appointed 23 June 2017, retired 5 December 2018

The Hon Nick Greiner AC has been a Director of the Menzies Research Centre since 2017. He was Premier and Treasurer of New South Wales from 1988-1992. He is currently Chairman of QBE Emerging Markets as well as Deputy Chairman of CHAMP Private Equity and Accolade Wines. He is Chairman, Council of Advisors, Rothschild Australia Limited; Chairman of Advisory Board, Crosby Textor; and an adviser to Transurban Limited. Nick is Chairman of the European Australian Business Council (EABC) and a Member of the Board of Governors, Committee for Economic Development of Australia (CEDA). He is also a member of the Advisory Board for the John Grill Centre for Project Leadership and the Harvard Business School Asia-Pacific Advisory Board. He is a Life Fellow of the Australian Institute of Company Directors, an Honorary Fellow of CPA Australia and a Life Member of the NSW Division of the Liberal Party and of the South Sydney Rugby League Club. Nick is Federal President of the Liberal Party.

Mitchell Hooke AM, Non-Executive Director

Appointed 23 June 2017

Mitchell H Hooke AM, B.Rur.Sc.(UNE). MAIA, MAICD is globally recognised for his Australian and global advocacy leadership in public policy and commercial operational practices. He is a former Chief Executive Officer of the Grains, Food and Grocery, and Minerals Councils of Australia, and a member of the International Council of Mining and Metals and Chair of its global Associations Group, until his retirement end of 2013. Mitch was formerly a Non-Executive Director of Elgin National Industries (USA). He is currently Chairman of Partners in Performance International, a Non-Executive Director of several public companies - GTL Energy Ltd, Rex Minerals Ltd, Grains Producers of Australia and a Member of the Advisory Boards to Micromine Pty Ltd and the University of New England Senior Advisory Group.

Senator The Hon Jane Hume, Non-Executive Director

Appointed 25 January 2018, retired 7 June 2019

Jane Hume is a Liberal Party Senator from Victoria, having been elected in July 2016. Born and raised in Melbourne, Senator Hume completed a Bachelor of Commerce at the University of Melbourne, later returning to gain further qualifications in Political Science. Subsequent to graduation, Senator Hume held

various senior positions in the financial services industry, working for the National Australia Bank, Rothschild Australia, Deutsche Bank and, immediately prior to her election, as a Senior Policy Advisor at Australian Super. She has also served on a number of boards including the Royal Children's Hospital, Federation Square, and Perinatal Anxiety & Depression Australia. In recognition of her extensive experience in corporate and philanthropic organisations, on entering the Senate she was immediately appointed as Chair of the Senate Standing Committee on Economics (Legislation). She also serves on a number of other Senate and Joint Standing Committees, including Legal and Constitutional Affairs, Corporations and Financial Services and NBN.

Brian Loughnane AO, Non-Executive Director

Appointed 10 December 2018

Mr Loughnane AO has extensive international political experience. He served as State Director of the Victorian Division of the Liberal Party, was Campaign Director for the 2001 by-election for the federal Division of Aston and the 2002 Victorian state election. In 2002 Mr Loughnane was appointed Federal Director of the Liberal Party of Australia and served as Campaign Director for the Coalition parties at the federal elections held in 2004, 2007, 2010 and 2013. He retired as Federal Director of the Liberal Party in February 2016.

Senator The Hon Linda Reynolds CSC, Non-Executive Director

Appointed 18 October 2017, retired 15 March 2019

Assistant Minister, Senator the Hon. Linda Reynolds, CSC was elected to the Australian Senate representing the state of Western Australia at the 2013 federal election. Minister Reynolds was the deputy director of the Federal Liberal Party of Australia, brigadier in the Australian Army Reserve and was the Adjutant General of Army and also a chief of staff to the Minister for Justice and Customs. She was awarded the Conspicuous Service Cross in the 2011 Australia Day Honours for "outstanding achievement as the Director of Army Strategic Reform Program".

Hon Andrew Robb AO, Non-Executive Director

Appointed 30 September 2011

Until his recent retirement from politics, Mr Robb was Australia's Minister for Trade and Investment. In this role Mr Robb negotiated Free Trade Agreements with South Korea, Japan and China, as well as the 12 country Trans Pacific Partnership (TPP) free trade agreement and the Comprehensive Strategic Partnership with Singapore. Additionally, he conducted 85 investment roundtables with 28 countries. Mr Robb is currently a Board Member of the Kidman cattle enterprise, Chair of Asialink, Asialink Business, CNSDose and the Strategy Committee Chair of the Black Dog Institute and strategic and investment advisor to a range of national and international businesses. In 2003, Mr Robb was awarded the office of the Order of Australia (AO) for his service to agriculture, politics and the community. As well, Mr Robb is the author of "Black Dog Daze: Public Life, Private Demons" (Melbourne University Publishing).

Dr Peta Seaton AM, Non-Executive Director

Appointed 12 November 2015

Dr Peta Seaton is Chair of Australian Hearing, a councillor of Near Eastern Archaeology Foundation (University of Sydney) and is the principal of Strategic Consulting. She is formally a director of CARE Australia, and Deputy Chair the Bradman Foundation. A former NSW Parliamentarian and frontbencher, Dr Seaton served as Director of Transition and Director of Strategic Priorities in the NSW Premier's Office from 2011 establishing the NSW Strategic Plan and performance reporting, Infrastructure NSW, the NSW Public Service Commission, and Service NSW, asset management and State Owned Corporations reform, along with key elements of the NSW/Federal reform agenda.

Anthony Shepherd AO, Non-Executive Director

Appointed 12 November 2015

Mr Shepherd is Chairman of Macquarie Specialised Management Limited (a global infrastructure fund), the Sydney Cricket Ground Trust and the AFL GWS Giants. He is also a Director of Virgin Australia International Holdings Limited and Racing NSW. He is an advisor to MUFG Bank, Ltd, a member of the ASIC External Advisory Panel and Pacific Leadership & Governance Precinct Executive Advisory Board.

Tony has had an extensive career in Australia and overseas in the private and public sectors. He pioneered private infrastructure with projects such as the Sydney Harbour Tunnel, Melbourne City Link and East Link. He was the inaugural Chairman of WestConnex, and oversaw the listing of Transurban, Transfield Services and Connect East. Tony was President of the Business Council of Australia, Chairman of the National Commission of Audit and Chairman of ASTRA (the subscription TV Association).

PRINCIPAL ACTIVITIES

The principal activities of MRC during the financial year were research, public forums and discussions and the publishing of books and reports with a focus on economic, social, cultural and political policies that promote individual freedom, free speech, competitive enterprise, smaller government and democracy.

REVIEW OF RESULTS

The operating deficit after tax of MRC for the year ended 30 June 2019 was \$8,552 (2018: \$62,625 deficit).

DIVIDENDS

The Company's constitution prohibits payment of dividends.

REVIEW OF OPERATIONS

MRC's core business is the contribution to the improvement of public policy through research and debate. MRC serves as a custodian of Australian Liberal heritage and the legacy of Sir Robert Menzies. MRC hosts public events that serve as a forum for free and open discussion of matters of public policy. MRC also hosts closed-door policy workshops that apply intelligent analysis to public policy issues. MRC publishes monographs, papers and books on liberal principles and policy, and provides a digital platform for intelligent contributions to the national debate.

MRC performed strongly in the year ended 30 June 2019. Sources of revenue were diversified and strengthened. During the year MRC played an important role in public policy debates, on workplace relations, negative gearing and climate/energy. Key achievements the year to 30 June 2019 included an enhanced reputation for policy development, an increased public profile, increased capacity for policy development and advocacy, the establishment of weekly newsletter, a substantially increased supporter base, and strong articulation of MRC strategy and mission.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no events in the interval between the end of the financial year and the date of this report that, in the opinion of Directors, will significantly change the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total Equity/Members Funds is recorded at the Balance Date at -\$36,700 (2018: -\$28,148). There were no significant changes in the state of affairs of the Centre that occurred during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

MRC will continue to seek research funding and donations for research projects and lecture series to build on its successes during the 2019 financial year. The priority for the forward 12 months is to continue to build research capacity, nurture talent, and build MRC's subscriber base with a focus on extending of our research findings and engagement in public policy debate both in a proactive and reactive manner.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. Nonetheless, the Company aims to ensure high standards of

environmental care. To help to ensure continued compliance, the Board and management maintain an awareness of relevant environmental legislation. Beyond regulatory compliance, MRC utilises research and promotes policy that advocates for environmental stewardship as a key pillar of sustainable development.

DIRECTORS' MEETINGS

The number of meetings of Directors and committees of Directors held in the year to 30 June 2019, and the number of meetings attended by each Director, is as follows:

	Eligible to attend	Meetings attended
HK McCann	5	5
N Cater	5	5
A Abercrombie	5	1
D Blain	5	3
I Campbell	5	0
P Espie	5	4
N Greiner	3	1
M Hooke	5	4
J Hume	5	1
B Loughnane	2	2
L Reynolds	4	2
A Robb	5	2
P Seaton	5	5
A Shepherd	5	3

N Greiner retired from the Board 5 December 2018.

L Reynolds retired from the Board 15 March 2019.

J Hume retired from the Board 7 June 2019.

COMMITTEE MEMBERSHIP

At the date of this report the Company has an Audit Committee, the members of which are Non-executive Directors Mr Mitchell Hooke (chair), Mr Paul Espie and Mr Kevin McCann (ex-officio).

DIRECTORS' BENEFITS

In the year ended 30 June 2019, no Non-Executive Director of the Company has received or has become eligible to receive any benefit by reason of a contract made by a company owned by a director or a related entity of a director, or with a firm of which a director is a member, or with an entity in which a director has a substantial interest. Benefits to the Executive Director relate only to the fixed salary (and related standard employment benefits), as a full-time employee of the Company.

COMPANY SECRETARY

Melanie Farris is the Company Secretary. She reports to the Board through the Chairman on all board matters and matters of governance.

INDEMNITY

The Company must indemnify each Director to the maximum extent permitted by law against any liability incurred by them by virtue of their holding office as, and acting in the capacity of Director other than:

- a) a liability owed to the Company or a related body corporate of the Company;
- b) a liability for a pecuniary penalty order under section 1317G Corporation Act or a compensation order under section 1317H Corporations Act;
- c) a liability owed to a person other than the Company that did not arise out of conduct in good faith.

In the year ended 30 June 2019, the Company paid premiums in respect of a contract insuring its Directors.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit. No payment has been made to indemnify PricewaterhouseCoopers during or since the financial year.

AUDITOR INDEPENDENCE

A statement of independence has been provided by the Company's auditor, PricewaterhouseCoopers, and is included in the attached financial report.

NON-AUDIT SERVICES

No non-audit services were conducted by the Company's auditor in the financial year ended 30 June 2019.

GOING CONCERN

These accounts are being prepared on the basis that the company is a going concern. The ability of MRC to continue as a going concern and meet its strategic objectives in the mid to long-term is principally dependent upon obtaining continued donations, grants, research funding and other income in order to be able to carry out its principal activities. If the company does not successfully navigate its capital raising projections in order to raise sufficient funds to meet projected expenditure/execute the intended business plan (within the requisite timeframe) alternative business strategies will need to be considered as a contingency and to the extent necessary to continue as a going concern, including a restructuring of the organisation as a whole, and necessarily a reduction in its operating costs including both reductions to variable and fixed costs.

As a result of these matters, there is a material uncertainty that may cast significant doubt on MRC's ability to continue as a going concern. The Directors in concert with management have determined a number of active strategies for raising sufficient funds to meet existing and projected expenditures and should it be necessary are well prepared to take remedial action in addressing both variable and fixed costs to ensure MRC's ability to continue as a going concern and meet its commitments as they fall due. Accordingly, the Directors believe that MRC will be successful in the above and hence, have prepared the financial report on a going concern basis.

Signed in accordance with a resolution of Directors



H Kevin McCann AM
Chairman
14 October 2019



Nick Cater
Executive Director
14 October 2019

Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue and Income from continuing operations			
Book Sales	4	42,866	61,694
Grant Income	4	238,000	232,672
Donation Income	4	490,136	683,970
Revenue from rendering of services	4	184,481	189,164
Conference and Event income	4	182,909	136,010
Interest Income	4	36	122
		1,138,428	1,303,632
Expenses			
Salaries, wages and personnel		(630,494)	(694,444)
Projects and Research		(153,674)	(389,914)
Events		(105,565)	(88,734)
Publishing		(120,645)	(117,116)
Depreciation		(4,189)	(4,255)
Rent		(44,410)	(2,319)
Other		(88,003)	(69,476)
		(1,146,980)	(1,366,257)
Surplus/ (Deficit) before income tax from continuing operations		(8,552)	(62,625)
Income tax benefit		-	-
Surplus/ (Deficit) from continuing operations after income tax		(8,552)	(62,625)
Other comprehensive income		-	-
Total comprehensive surplus/ (deficit) for the year		(8,552)	(62,625)

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

as at 30 June 2019

ASSETS	Note	2019	2018
		\$	\$
Current Assets			
Cash at bank	5	136,019	195,787
Restricted cash –unallocated donations to public fund	5	242,096	128,701
Trade and Other Receivables	8	63,608	27,163
Total Current Assets		441,723	351,651
Non-Current Assets			
Property, plant and equipment	6	3,385	10,018
Total Non-Current Assets		3,385	10,018
Total Assets		445,108	361,669
LIABILITIES			
Current Liabilities			
Trade and other payables	7	204,484	217,249
Unallocated donations to public fund	7	248,097	128,701
Short-term provisions	9	29,227	27,224
Total Current Liabilities		481,808	373,174
Non-Current Liabilities			
Long-term provisions	9	-	16,643
Total Non-Current Liabilities		-	16,643
Total Liabilities		481,808	389,817
Net Assets		(36,700)	(28,148)
EQUITY			
Equity/ Members Funds			
Accumulated Deficit		(36,700)	(28,148)
Total Equity/ Members Funds		(36,700)	(28,148)

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

for the year ended 30 June 2019

	2019	2018
	\$	\$
Total Equity/ Members Funds as at 1 July	(28,148)	34,477
Surplus/ (Deficit) for the period	(8,552)	(62,625)
Total Equity/ Members Funds as at 30 June	(36,700)	(28,148)

*The Statement of Changes in Equity is to be read
in conjunction with the Notes to the Financial Statements.*

Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from/ (used in) operating activities			
Payments to suppliers and employees		(1,171,567)	(1,280,043)
Cash received in the course of operations		1,101,946	1,388,303
Interest received		36	122
Net cash received/ (used in) operating activities	10	(69,585)	108,382
Cash flows from/ (used in) investing activities			
Purchase of plant & equipment		3,816	(3,816)
Restricted cash – unallocated donations to the public fund		6,000	(39,779)
Net cash provided by/ (used in) investing activities		9,816	(43,595)
Net (decrease)/ increase in cash held		(59,768)	64,787
Cash and equivalents at beginning of the financial period		195,787	131,000
Cash and equivalents at the end of the financial period	5	136,019	195,787

*The Statement of Cash Flows is to be read
in conjunction with the Notes to the Financial Statements.*

1. NON-REPORTING ENTITY

In the opinion of the Directors, the Company is not a reporting entity. The financial statements of the Company have been drawn up as a special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*.

2. BASIS OF PREPARATION

Menzies Research Centre Limited is a not-for-profit entity for the purpose of preparing the financial statements. This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the director to meet the needs of the Members.

2.1. Functional & Presentational Currency

The Menzies Research Centre Limited is a company domiciled in Australia and as such the accounts are presented in Australian dollars, the Company's functional currency.

2.2. Basis of Measurement

The financial statements have been prepared on the accruals basis of accounting using the historical cost convention.

2.3. Use of estimates and judgements

The preparation of financial statements 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1. New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods but will become mandatory in future reporting periods as detailed below.

The Menzies Research Centre has not early-adopted these new or amended accounting standards and interpretations in 2019 and is continuing to assess the impact on financial results. The assessment process includes identifying changes to internal reporting requirements, IT systems, business processes and associated internal controls with the aim of quantifying the expected impact of the new standards as well as supporting ongoing compliance with new accounting requirements. New and amended accounting standards are summarised below.

AASB 15: Revenue from Contracts with Customers is applicable to annual reporting periods beginning on or after 1 January 2019 for not-for-profit entities in accordance with AASB 2016-7. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard replaces the principle under the current standard of recognising revenue when risks and rewards transfer to the customer. Whilst the impact of this standard is still being assessed, it is not expected to have a material impact on revenue.

AASB 16: Leases requires lessees to recognise most leases on the balance sheet. AASB 16 is effective for reporting periods beginning or after 1 January 2019. Whilst the impact of this standard is still being assessed, it is not expected to have a material impact for The Menzies Research Centre.

3.2. Adoption of new accounting standards - AASB 9: Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. AASB 9 is applicable to annual reporting periods beginning on or after 1 January 2018. There has been no material financial impact on the financial assets and financial liabilities held by the Company on transition to AASB 9.

3.3. Going Concern

MRC has recorded a net deficit from continuing operations after tax of \$8,552 for the 12 months to 30 June 2019 (2018: net deficit of \$62,625), and experienced net cash outflows from operating activities of \$69,585 (2018: net cash inflows of \$108,382).

These accounts are being prepared on the basis that the company is a going concern. The ability of MRC to continue as a going concern and meet its strategic objectives in the mid to long-term is principally dependent upon obtaining continued donations, grants, research funding and other income in order to be able to carry out its principal activities. If the company does not successfully navigate its capital raising projections in order to raise sufficient funds to meet projected expenditure/execute the intended business plan (within the requisite timeframe) alternative business strategies will need to be considered as a contingency and to the extent necessary to continue as a going concern, including a restructuring of the organisation as a whole, and necessarily a reduction in its operating costs including both reductions to variable and fixed costs.

As a result of these matters, there is a material uncertainty that may cast significant doubt on MRC's ability to continue as a going concern. The Directors in concert with management have determined a number of active strategies for raising sufficient funds to meet existing and projected expenditures and should it be necessary are well prepared to take remedial action in addressing both variable and fixed costs to ensure MRC's ability to continue as a going concern and meet its commitments as they fall due. Accordingly, the Directors believe that MRC will be successful in the above and hence, have prepared the financial report on a going concern basis.

3.4. Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method, less any impairment losses.

3.5. Revenue Recognition

Revenue from rendering of services: Revenue from rendering of services is measured at the fair value of the consideration received or receivable after taking into account any discounts. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest Income: Interest income is recognised in the income statement as it is accrued using the effective interest method.

Government Grants: Non-reciprocal grant revenue is recognised in the statement of profit and loss and other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donation Income: Donations (excluding public fund donations) are recognised as revenue when received. Public fund donations are recognised as revenue when the Company can use the funds at its discretion.

3.6. Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-Financial Assets

The carrying amounts of the Company's non-financial assets 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. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the 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.

Income Tax

The Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable

Notes to the Financial Statements

for the year ended 30 June 2019

that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 ATO is included as a current asset or liability in the balance sheet. 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.

Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives (4 years). The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Employee Benefits

Post-employment benefits: 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 a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits: A short-term employee benefit obligation is measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Financial Statements

for the year ended 30 June 2019

4. REVENUE AND INCOME

	2019 \$	2018 \$
Books sales	42,866	61,694
Conference and event income	238,000	232,672
Donations income	490,136	683,970
Grant income	184,481	189,164
Revenue from rendering of services	182,909	136,010
Interest income	36	122
	1,138,428	1,303,632

5. CASH

	2019 \$	2018 \$
Restricted cash – unallocated donations to public funds	242,096	128,701
Cash at bank	136,019	195,787
	378,115	324,488

6. PLANT AND EQUIPMENT

	2019 \$	2018 \$
<i>At cost</i>		
Opening balance	17,960	14,144
Additions	-	3,816
Disposals	(3,816)	-
Closing balance	14,144	17,960
<i>Accumulated Depreciation</i>		
Opening balance	7,942	3,687
Depreciation	4,189	4,255
Loss on disposal of asset	(1,372)	-
Closing balance	10,759	7,942
Carrying amount	3,385	10,018

Notes to the Financial Statements

for the year ended 30 June 2019

7. TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
<i>Current</i>		
Trade and other payables	180,252	217,249
Unallocated donations to public fund	248,097	128,701
GST Payable	24,232	-
	452,581	345,950

8. TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
<i>Current</i>		
Trade debtors	63,608	18,748
GST receivable	-	8,415
	63,608	27,163

9. PROVISIONS: EMPLOYEE BENEFITS

	2019 \$	2018 \$
<i>Short-term</i>		
Provision for accrued annual leave	29,227	27,224
<i>Long-term</i>		
Provision for long service leave	-	16,643
	29,227	43,867

10. NET CASH USED IN OPERATING ACTIVITIES

	2019 \$	2018 \$
Surplus/(Deficit) from ordinary activities after tax	(8,552)	(62,625)
Non-cash items: depreciation	4,189	4,255
Non-cash items: loss on disposal of asset	(1,372)	-
Net cash provided by operating activities before change in assets and liabilities	(5,735)	(58,370)
Change in assets and liabilities during the financial year		
Decrease/ (increase) in assets	(36,445)	45,984
(Decrease)/ increase in employee benefits	(14,640)	11,384
(Decrease)/ increase in accounts payable	(12,765)	109,384
Net cash used in operating activities	(69,585)	108,382

Notes to the Financial Statements

for the year ended 30 June 2019

11. SUBSEQUENT EVENTS

There have been no events in the interval between the end of the financial year and the date of this report that, in the opinion of Directors, will significantly change the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

12. COMPANY LIMITED BY GUARANTEE

The Menzies Research Centre is a company limited by guarantee and by its Memorandum and Articles of Association. Member's liability is restricted to \$10.00 per member. At 30 June 2019 the company had 11 Members.

13. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Company for an audit of the financial report

	2019 \$	2018 \$
	26,272	25,000
	26,272	25,000

DIRECTORS' DECLARATION

As stated in Note 2 to the Financial Statements, in the Directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This report is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 2.

In the Directors' opinion:

- (a) the Financial Statements and Notes set out on in these pages are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and
- (b) 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 has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2019.

This declaration is made in accordance with a resolution of directors.

Signed in Sydney on behalf of the Board



H Kevin McCann
Chairman
14 October 2019



Nick Cater
Executive Director
14 October 2019



Independent auditor's report

To the members of Menzies Research Centre Limited

Our opinion

In our opinion:

The accompanying financial report of Menzies Research Centre Limited (the Company) 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 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards to the extent described in Note 2 and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 3.3 in the financial report, which indicates that the Company incurred a net deficit from continuing operations after tax of \$8,552 during the year ended 30 June 2019 and, as of that date, the Company's current liabilities exceeded its total assets by \$40,085. As a result the Company is dependent on obtaining donations, grants, research funding and other income in order to

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be able to carry out its principal activities. These conditions, along with other matters set forth in Note 3.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 2 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Menzies Research Centre Limited and its members and should not be used by parties other than Menzies Research Centre Limited and its members. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized, cursive signature of the PricewaterhouseCoopers firm name.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read 'Aishwarya Chandran'.

Aishwarya Chandran
Partner

Sydney
14 October 2019



Auditor's Independence Declaration

As lead auditor for the audit of Menzies Research Centre Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Aishwarya Chandran', written over a horizontal line.

Aishwarya Chandran
Partner
PricewaterhouseCoopers

Sydney
14 October 2019

PricewaterhouseCoopers, ABN 52 780 433 757

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Corporate Directory

Corporate Directory

Directors

H Kevin McCann AM
Nicholas Cater
Andrew Abercrombie
Danielle Blain AM
Hon Ian Campbell
Paul Espie AO
Mitchell Hooke AM
Brian Loughnane
Hon Andrew Robb AO
Dr Peta Seaton AM
Anthony Shepherd AO

Australian Company Number

067 359 684

Australian Business Number

53 067 359 684

Auditors

PricewaterhouseCoopers
Sydney
Australia

Registered Office

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Corner Blackall and Macquarie Streets
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