

# **HCF Research Foundation**

ABN 40 577 146 605

Financial Report for the year ended  
30 June 2023

# Contents

---

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

---

### Signed Report

	Independent Auditor's Report	18
--	------------------------------	----

---

# 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 2023.

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 21 September 2023.

## 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
- Michael Bassingthwaighte

## Company Secretary

Nathan Francis held office as Company Secretary of the Corporate Trustee to the date of this report. Sam Nimkar 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 \$3,047,946 (2022: loss of \$6,065,685).

### 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.

### 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.

## **Trustee Report (continued)**

---

### **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 2023.

## 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 2023.

Signed in accordance with a resolution of the Directors.



**C. Jackson**  
**Chair**

Sydney  
21 September 2023



**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 the HCF Research Foundation for the financial year ended 30 June 2023, 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 the *Australian Charities and Not-for profits Commission Act 2012* or 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  
21 September 2023

## 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 2023 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**

21 September 2023



## Financial Statements

---

### Statement of Comprehensive Income

For the year ended 30 June 2023

		2023	2022
	Notes	\$	\$
Donation income <sup>1</sup>		<b>5,000,000</b>	-
Investment income	1	<b>1,223,828</b>	2,804,386
Movements in financial assets at fair value through profit or loss		<b>2,141,167</b>	(6,391,506)
<b>Total income</b>		<b>8,364,995</b>	(3,587,120)
Research grants <sup>2</sup>		<b>(4,666,723)</b>	(1,969,085)
Administrative and other expenses	2	<b>(650,326)</b>	(509,480)
<b>Total expenses</b>		<b>(5,317,049)</b>	(2,478,565)
<b>Profit/(Loss) before income tax</b>		<b>3,047,946</b>	(6,065,685)
Income tax expense		-	-
<b>Net profit/(loss) after income tax</b>		<b>3,047,946</b>	(6,065,685)
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) after income tax</b>		<b>3,047,946</b>	(6,065,685)

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

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

<sup>2</sup> Research grants presented in the Statement of Comprehensive Income includes approved research grants of \$4,737,723 (2022: \$2,099,544) during the year, reduced by research grants returned of \$71,000 (2022: \$130,459).

## Financial Statements

---

### Statement of Financial Position

As at 30 June 2023

		2023	2022
	Notes	\$	\$
<b>Assets</b>			
Cash and cash equivalents	3(b)	<b>6,048,329</b>	410,089
Distribution receivables		<b>583,393</b>	2,461,941
Financial assets at fair value through profit or loss	4	<b>45,426,345</b>	43,285,178
GST receivables	5	<b>800</b>	34,556
<b>Total assets</b>		<b>52,058,867</b>	46,191,764
<b>Liabilities</b>			
Research grants payable	6	<b>4,959,005</b>	2,209,636
Trade and other payables	7	<b>185,603</b>	115,815
<b>Total liabilities</b>		<b>5,144,608</b>	2,325,451
<b>Net Assets</b>		<b>46,914,259</b>	43,866,313
<b>Equity</b>			
Trust capital		<b>1,000</b>	1,000
Retained earnings		<b>46,913,259</b>	43,865,313
<b>Total equity</b>		<b>46,914,259</b>	43,866,313

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 2023

	<b>Issued capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 1 July 2022</b>	<b>1,000</b>	<b>43,865,313</b>	<b>43,866,313</b>
<b>Net profit after income tax</b>	<b>-</b>	<b>3,047,946</b>	<b>3,047,946</b>
<b>Balance at end of period</b>	<b>1,000</b>	<b>46,913,259</b>	<b>46,914,259</b>
<hr/>			
As at 1 July 2021	1,000	49,930,998	49,931,998
Net loss after income tax	-	(6,065,685)	(6,065,685)
Balance at end of period	1,000	43,865,313	43,866,313

---

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 2023

		2023	2022
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Donation received		<b>5,000,000</b>	-
GST received		<b>283,532</b>	165,095
Imputation tax refund received		<b>154,743</b>	26,851
Interest received		<b>42,605</b>	144
Research grants paid		<b>(2,109,089)</b>	(1,376,587)
Payments to suppliers		<b>(638,578)</b>	(493,879)
<b>Net cash flows from/(used in) operating activities</b>	3(a)	<b>2,733,213</b>	(1,678,376)
<b>Cash flows from investing activities</b>			
Distributions received		<b>2,905,027</b>	1,439,200
<b>Net cash flows from investing activities</b>		<b>2,905,027</b>	1,439,200
Net increase/(decrease) in cash and cash equivalents		<b>5,638,240</b>	(239,176)
Balance at start of period		<b>410,089</b>	649,265
<b>Balance at end of period</b>	3(b)	<b>6,048,329</b>	410,089

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 2023

---

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 2023 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 2023

---

### 1. Investment Income

	2023	2022
	\$	\$
Distribution income	<b>1,026,480</b>	2,777,391
Imputation tax refunds	<b>154,743</b>	26,851
Interest income	<b>42,605</b>	144
<b>Total income</b>	<b>1,223,828</b>	2,804,386

---

#### 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 2023

---

### 2. Expenses

	<b>2023</b>	2022
	\$	\$
Administrative charge from HCF	<b>616,946</b>	482,862
Advertising	<b>15,575</b>	9,332
Travel expenses	<b>7,850</b>	-
Audit fees	<b>6,589</b>	6,312
Printing	<b>2,211</b>	1,463
Consultancy	<b>454</b>	9,226
Bank fees	<b>76</b>	4
Sundry expenses	<b>625</b>	281
<b>Total expenses</b>	<b>650,326</b>	509,480

---

### Recognition and measurement

#### Administrative charge from HCF

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

The 2023 increase on prior year was impacted by overhead recharges, with additional dedicated resources supporting the Foundation's activities being charged to the Foundation.

## Notes to the Financial Statements

For the year ended 30 June 2023

### 3. Cash and Cash Equivalents

	2023	2022
	\$	\$
<b>(a) Reconciliation of net profit after tax to the net cash flows from operations</b>		
<b>Net profit/(loss) after tax</b>	<b>3,047,946</b>	(6,065,685)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Changes in fair value designated through profit or loss	<b>(2,141,167)</b>	6,391,506
Distribution income	<b>(1,026,480)</b>	(2,777,391)
<b>Changes in assets and liabilities</b>		
Increase in research grants payable	<b>2,749,369</b>	717,642
Decrease/(increase) in receivables	<b>33,756</b>	(4,943)
Increase in trade and other payables	<b>69,789</b>	60,495
<b>Net cash flows from/(used) in operating activities</b>	<b>2,733,213</b>	(1,678,376)
<b>(b) Reconciliation of cash and cash equivalents</b>		
Cash	<b>6,048,329</b>	410,089

### 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 2023

---

### 4. Financial Assets at Fair Value Through Profit or Loss

	2023	2022
	\$	\$
Holdings in unlisted unit trust:		
Funds Under Management by JANA (i)	<b>45,426,345</b>	43,285,178
<b>Total financial assets at fair value through profit or loss</b>	<b>45,426,345</b>	43,285,178

(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 2023

### 5. GST Receivables

	2023	2022
	\$	\$
GST receivables	<b>800</b>	34,556
<b>Total GST receivables</b>	<b>800</b>	34,556

#### 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

	2023	2022
	\$	\$
<b>Maturity analysis</b>		
No longer than 12 months	<b>3,483,793</b>	1,329,911
Longer than 12 months but less than 5 years	<b>1,475,212</b>	879,725
<b>Total research grants payable</b>	<b>4,959,005</b>	2,209,636

#### 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 2023

---

### 7. Trade and Other Payables

	2023	2022
	\$	\$
HCF administration services	<b>185,603</b>	115,815
<b>Total trade and other payables</b>	<b>185,603</b>	115,815

---

### 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 did not receive any income from the Foundation during the year (2022: \$nil).

### 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 \$6,589 (2022: \$6,312). There are no non-audit services provided by Ernst & Young.

## **Notes to the Financial Statements**

For the year ended 30 June 2023

---

### **13. New Accounting Standards**

#### **New and amended accounting standards and interpretations adopted from 1 July 2022**

All new and amended Australian Accounting Standards and interpretations mandatory as at 1 July 2022 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.



**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

## **Independent auditor's report to the Directors of the Trustee of the HCF Research Foundation**

### **Opinion**

We have audited the financial report of HCF Research Foundation (“the Foundation”), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Foundation is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of the Foundation’s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

### **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 are independent of the Foundation in accordance with 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.

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

### **Information Other than the Financial Report and Auditor’s Report Thereon**

The directors of the Trustee are responsible for the other information. The other information is the Trustee Report accompanying the financial report.

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.



**Building a better  
working world**

If, based on the work we have performed, 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 Trustee for the Financial Report**

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not for Profits Commission Act 2012* and for 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibility 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



**Building a better  
working world**

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'Louise Burns'.

Louise Burns  
Ernst & Young  
Sydney  
21 September 2023