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CORPORATE INFORMATION

ABN 71 154 866 047

Directors

M. Murray (Chair)
D. Alcorn (until 28/2/2016)
F. Dow
R. Gallina
C. Kotur (until 16/11/2015)
M. McCabe
D. McMillan
T. O'Brien
E. Ozanne (until 29/2/2016)

Company Secretary

D. O'Connor

Registered Address

34-54 Poplar Road
Parkville, VIC 3052

Auditors

APL Financial Pty Ltd
Level 1, 32 Business Park Drive
Notting Hill, VIC 3168

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present this report to the members of National Ageing Research Institute Ltd. (the company) for the year ended 30 June 2016.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Board Member	Date Appointed	Date of Cessation	Board Meets*	Board Attended**	FARM Meets***	FARM Attended****
M. Murray	20/12/2011	-	4	4	4	4
D. Alcorn	28/05/2015	29/02/2016	2	2	1	-
F. Dow	18/05/2015	-	4	4	4	3
R. Gallina	18/08/2014	-	4	4	4	4
C. Kotur	20/12/2011	16/11/2015	2	2	-	-
M. McCabe	17/11/2014	-	4	4	-	-
D. McMillan	17/02/2014	-	4	3	4	4
A. Maier	15/08/2016	-	-	-	-	-
T. O'Brien	17/11/2014	-	4	1	-	-
E. Ozanne	20/12/2011	29/02/2016	3	3	-	-
J. Waters	15/08/2016	-	-	-	-	-

* Number of board meetings during year (or part thereof)

** Board meetings attended during year

*** Number of Finance & Risk Management committee meetings during year (or part thereof)

**** Finance & Risk Management Meetings attended during year

COMMENCEMENT OF OPERATIONS

National Ageing Research Institute Ltd. was registered on the 20th December 2011, and commenced operating on 1st July 2012, when it assumed the assets and liabilities of the former National Ageing Research Institute Incorporated.

PRINCIPAL ACTIVITIES

The company's principal activities during the year were to:

Conduct research into aspects of ageing and geriatric syndromes including dementia, falls, pain, health promotion, cognitive issues, mental health, care relationships, and quality service delivery as they affect the diversity of older people.

OBJECTIVES

The company's objectives are to *improve the health and wellbeing of older people through research and research translation into policy and practice, and*

to be recognized and sought after as the national leader in translational ageing research in Australia

STRATEGY FOR ACHIEVING OBJECTIVES

The company will continue to build and expand an ageing research agenda to include new areas of research related to ageing which are of strategic importance and respond to contemporary issues. Specifically to:-

- formulate cutting edge research based on expert analysis of gaps in research
- Identify and promote a range of research activities including action research and implementation studies

Other key strategies include:

- Ensure ongoing sustainability and growth in order to achieve our mission of improving the health and wellbeing of older Australians.
- To improve the lives of older people through conducting excellent research and translating research findings into action by individuals, health and aged care service providers and governments.
- To develop, nurture and encourage a strong, vibrant and diverse interdisciplinary research workforce in ageing.
- To partner with peak consumer bodies, health and aged care services to identify, conduct and translate into practice research that is of benefit to them and their clients.
- To advance and widely disseminate knowledge on key ageing topics and issues through the provision and promotion of high quality education and professional development.
- To build and strengthen capacity in ageing research through partnership and collaborations with other

- organisations.
- To be strong advocates with major policy influence for health, wellbeing and appreciation of older people.

KEY EVENTS

The Board is pleased to advise the re-appointment of Associate Professor Briony Dow as Executive Director for a five year term from May 2016 to strengthen and implement of the strategic vision of the Institute.

SIGNIFICANT CHANGES IN ACTIVITIES

There were no significant changes in activities during the year

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Over the past year the Board has sought to address and ensure the sustainability of the company, and structural changes have been implemented. A significant turnaround in year on year results has been achieved.

OPERATING RESULT

The company recorded a surplus of \$189,714 for the year. (2015: deficit \$183,146)

DIVIDENDS PAID OR RECOMMENDED

The company is a company limited by guarantee. As such it does not recommend or pay dividends.

AFTER BALANCE DAY EVENTS

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

MEMBERS' GUARANTEE

In accordance with the company's constitution each member is liable to contribute \$20 in the event that the company is wound up. The total amount members would contribute is \$1700.

AUDITORS' INDEPENDENCE

The auditors' declaration of independence appears on page 4 and forms part of the director's report for the year ended 30 June 2016.

Signed in accordance with a resolution of the directors on 14 November 2016.

On behalf of the directors:



Michael Murray

Melbourne, 14 November 2016



Frances Briony Dow

**Auditor's Independence Declaration
to the Directors of
National Ageing Research Institute Limited
ABN 71 154 866 047**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

- i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



William Jonathan Griffin
APL Financial Pty Ltd

14th November 2016

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016	2015
Revenues	3(a)	2,541,232	2,943,049
Other Income	3(b)	253,633	158,214
Total Income	2(c)	<u>2,794,865</u>	<u>3,101,253</u>
Expenditure			
Employee Benefits	3(c)	1,918,666	2,602,382
Project costs		257,195	288,585
Research support	3(d)	164,600	153,917
Other	3(e)	264,690	239,515
Total Expenditure	2(d)	<u>2,605,151</u>	<u>3,284,399</u>
Surplus (Deficit) for the year		<u>189,714</u>	<u>(183,146)</u>
OTHER COMPREHENSIVE INCOME			
Items which will not be reclassified subsequently to profit or loss		-	-
Items which will be reclassified subsequently to profit or loss when specific conditions are met		-	-
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income/(deficit) for the year		<u>189,714</u>	<u>(183,146)</u>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF FINANCIAL POSITION

	Note	2015	
ASSETS			
Current assets			
Cash & cash equivalents	2(e), 4	522,012	218,591
Trade & other receivables	2(f), 5	382,283	540,925
Financial Assets	2(g), 6	1,383,366	1,329,237
Total current assets		2,287,661	2,088,753
Non-current assets			
Accrued income	2(f), 5	73,574	138,912
Property plant & equipment	2(i), 7A	148,946	158,643
Intangible assets	2(h), 7B	10,657	16,217
Total non-current assets		233,177	313,772
Total Assets		2,520,838	2,402,525
LIABILITIES			
Current liabilities			
Trade creditors & other payables	2(k), 8	297,532	442,440
Income in Advance	2(l), 9	825,429	786,272
Provisions	2(m), 10(a)	257,303	217,599
Total current liabilities		1,380,264	1,446,311
Non-current liabilities			
Provisions	2(m), 10(b)	153,968	159,321
Total non-current liabilities		153,968	159,321
Total liabilities		1,534,232	1,605,632
Net assets		986,606	796,893
FUNDS			
	11		
Reserves		25,095	7,879
Retained earnings		961,511	789,014
Total funds		986,606	796,893

The statement of financial position is to be read in conjunction with the attached notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF CHANGES IN FUNDS

	Retained Earnings	General Reserves	Australian Ageing Research Foundation	Total Funds
2015				
Balance at 1 July 2014	(596,529)	1,576,568	-	980,039
Transfer to/from reserves	1,568,689	(1,576,568)	7,879	-
Movement attributable to members	(183,146)	-	-	(183,146)
Balance at 30 June 2015	789,014	-	7,879	796,893
2016				
Balance at 1 July 2015	789,014	-	7,879	796,893
Transfer to/from reserves	-	-	-	-
Movement attributable to members	172,497	-	17,216	189,713
Balance at 30 June 2016	961,511	-	25,095	986,606

The statement of changes in funds is to be read in conjunction with the attached notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF CASH FLOWS

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from:			
Grants and other contributions		2,837,101	1,893,181
Interest income		61,396	54,806
Education & training		78,341	55,863
Donations & fundraising		198,218	72,969
Payments to suppliers & employees		(2,753,997)	(3,106,633)
Net cash flows from operating activities		421,059	(1,029,814)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant & equipment		(71,009)	(11,080)
Purchase of Intangible Assets		-	(16,680)
Reduction (increase) in Investments in term deposits		(54,129)	85,835
Proceeds from sale of property, plant & equipment		7,500	10,800
Net cash flows from investing activities		(117,638)	68,875
Net increase (decrease) in cash and cash equivalents		303,421	(960,939)
Cash and cash equivalents at beginning of year		218,591	1,179,530
Cash and cash equivalents at end of year	2(e), 4	522,012	218,591

The statement of cash flow is to be read in conjunction with the attached notes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial statements of the not-for-profit company, National Ageing Research Institute Ltd., (the company) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 14 November 2016.

The National Ageing Research Institute Ltd. is a company limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activities of the company are described in the director's report

2. SUMMARY OF ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Historical cost convention

The financial statements have been prepared on the basis of historical cost except for the following:

The methods used to measure the fair values of these assets are discussed in notes 2(i). Cost is based on the fair values of the consideration given in exchange for assets.

Currency

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgments

Grants received

The company has received a number of government grants during the year. Once the company has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered) in which case it is accounted for under AASB 118 Revenue or a non-reciprocal grant in which case it is accounted for under AASB 1004 Contributions.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2(m). The amount of these provisions would change should any of these factors change in the next 12 months.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(C) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Research funding

The company's operations are supported by grants received from federal, state and local governments, as well as other granting bodies and contractual partners. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the company obtains control of the funds.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Asset sales

The gain or loss on disposal of all non-current assets and available-for-sale financial investments is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

In-kind donations

Facilities leased for occupancy by the company are included at the fair value to the company where this can be quantified and a third party is bearing the cost. No amounts are currently included due to difficulty in quantification.

No amounts are included in the financial statements for services donated by volunteers.

(D) EXPENDITURE

All expenditure is accounted for on an accruals basis.

Employee benefits are those costs associated with the employment of staff at the company.

Project Costs are specific costs (other than employee benefits) associated with the delivery of individual research projects.

Research Support costs are general expenditures in support of the research effort which have not been apportioned to individual research projects

Other costs are general administrative and other costs including occupancy costs.

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank, in hand and at call deposits where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

(F) TRADE AND OTHER RECEIVABLES

Trade receivables, which comprise amounts due for services provided under grant or other contractual arrangements, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from seven to 90 days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the company will not be

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

able to collect the debts. Bad debts are written off when identified.

(G) FINANCIAL ASSETS

Financial assets in the statement of financial position primarily comprise term deposits invested for less than a year, and carried at cost, which is deemed to reflect fair value.

(H) INTANGIBLE ASSETS

Bases of measurement of carrying amount:

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Any donated intangible assets (or acquired for nominal cost) are recognised at fair value at the date the company obtains control of the assets.

Fair value is the amount that 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Amortisation

Intangible assets are amortised over their useful lives to the company commencing from the time the asset is held ready for use. Amortisation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

- Website: 3 years

Amortisation has been included within depreciation and amortisation.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(I) PROPERTY, PLANT AND EQUIPMENT

Bases of measurement of carrying amount:

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Any property, plant and equipment donated to the company or acquired for nominal cost are recognised at fair value at the date the company obtains control of the assets.

Fair value is the amount that 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

	2015	2014
Plant and equipment	10-25%	10-25%
Computer equipment	33⅓%	33⅓%
Motor vehicles	20%	20%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use. Depreciated replacement cost is used to determine value in use where the assets are not held principally for cash generating purpose and would be replaced if the company was deprived of it. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. Value in use. For all other assets is a discounted cash flow calculation.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the company or when it has no sale value. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

(J) AVAILABLE-FOR-SALE FINANCIAL ASSETS

The company does not hold any available for sale financial assets

(K) TRADE CREDITORS AND OTHER PAYABLES

Trade payables and other payables represent liabilities for goods and services provided to the company before the end of the financial year that are unpaid. These amounts are usually settled in 30 days.

The carrying amount of the creditors and payables is deemed to reflect fair value.

(L) INCOME IN ADVANCE

The liability for income in advance is the unutilised amounts of grants and other contractual amounts received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

(M) EMPLOYEE BENEFITS

Employee benefits comprise wages and salaries, annual, sick and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for annual leave in respect of employees' services up to the reporting date that are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave and are measured at the amounts expected to be paid when the liabilities are settled plus relevant on costs.

Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments, including associated on costs, to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Victorian State government's annual effective rate as at 30 June 2016, matched the estimated future cash outflows.

The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income when they are due. The company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

(N) TAXATION

Income tax

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flow is included in the statement of cash flow on a gross basis. The GST component of cash flow arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as operating cash flow.

(O) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are recorded initially by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation are recognised in profit or loss.

(P) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND EXPENSES	Note	2016	2015
(A) REVENUE			
State government grants & contracts		1,344,921	1,544,148
Commonwealth government grants & contracts		716,769	919,861
Other contract research		120,587	175,146
Philanthropic grants & contracts		300,127	247,361
Education & training		58,828	56,523
Total revenue		2,541,232	2,943,039
(B) OTHER INCOME			
Interest		39,347	64,851
Donations & Fundraising		194,227	75,344
Profit on Sale of Assets		6,818	10,800
Miscellaneous		13,241	7,219
Total other income		253,633	158,214
Total all revenue		2,794,865	3,101,253
(C) EMPLOYEE BENEFIT EXPENSES			
Wages & salaries		1,699,472	2,331,085
Superannuation expense		156,481	212,372
Workers compensation insurance		10,557	9,143
Other employee benefit expense		17,805	15,071
Movements in employee benefits provisions		34,351	34,711
Total employee benefit expense		1,918,666	2,602,382
(D) RESEARCH SUPPORT			
Depreciation & amortisation		64,676	66,982
Other		99,924	86,935
		164,600	153,917
(E) OTHER EXPENDITURE			
Impairment loss on trade receivables		10,000	-
Auditors' remuneration		8,439	8,700
Other		246,251	230,815
		264,690	239,515
4 CASH AND CASH EQUIVALENTS	2(E)		
Cash at bank and in hand		404,484	177,417
At call deposits		117,528	41,174
		522,012	218,591

Cash at bank earns interest at floating rates based on daily deposit rates.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5	TRADE AND OTHER RECEIVABLES		2016	2015
	Trade debtors	2(F)	182,274	212,566
	Less: Provision for doubtful debts	5(A)	(11,000)	-
	Net trade Debtors		171,274	212,566
	Prepayments		17,476	21,575
	Accrued income		193,533	306,784
	Total Current Trade Debtors & Receivables		382,283	540,925
	Accrued Income – non-current		73,574	138,912
	Total Trade Debtors & Receivables		455,857	679,837

5A PROVISION FOR DOUBTFUL DEBTS

An impairment allowance of \$11,000 (2015: \$0) has been made with respect to outstanding debtors at 30 June 2016.

	Note	2016	2015
6 FINANCIAL ASSETS			
Term Deposits	2(g)	1,353,366	1,299,237
Other		30,000	30,000
		<u>1,383,366</u>	<u>1,329,237</u>

	Motor Vehicles	Plant & equipment	Total
7 NON-CURRENT ASSETS			
7(A) PROPERTY PLANT & EQUIPMENT			
At cost			
1 July 2014	149,192	409,439	558,631
Additions 2014/15	-	11,080	11,080
Disposals 2014/15	(33,788)	(50,615)	(84,403)
30 June 2015	115,404	369,904	485,308
Additions	20,118	34,861	54,979
Disposals	(23,028)	-	(23,028)
30 June 2016	<u>112,494</u>	<u>404,765</u>	<u>517,259</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7(A) PROPERTY PLANT & EQUIPMENT (continued)

Accumulated Depreciation

1 July 2014	86,710	257,376	344,086
Charged	13,870	53,112	66,982
Disposals	(33,788)	(50,615)	(84,403)
30 June 2015	66,792	259,873	326,665
Charged	20,660	44,016	64,676
Disposals	(23,028)	-	(23,028)
30 June 2016	64,424	303,889	368,313
Carrying Amount			
30 June 2015	48,612	110,031	158,643
30 June 2016	48,070	100,876	148,946

7(B) INTANGIBLE ASSETS

Total

At cost

1 July 2014	-
Additions	16,680
Disposals	-
30 June 2015	16,680
Additions	-
Disposals	-
30 June 2016	16,680

Accumulated Amortisation

1 July 2014	-
Charged	463
Disposals	-
30 June 2015	463
Charged	5,560
Disposals	-
30 June 2016	6,023
Carrying Amount	
30 June 2015	16,217
30 June 2016	10,657

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Note	2016	2015
8 TRADE CREDITORS AND ACCRUALS	2(k)		
Trade creditors		75,280	277,673
Payroll liabilities		127,592	53,025
Other accruals		16,131	66,559
Tax liabilities		78,529	45,183
Total Trade creditors and accrued expenses		<u>297,532</u>	<u>442,440</u>

The company's exposure to liquidity risks related to trade creditors and other payables is negligible

	Note	2016	2015
9 INCOME IN ADVANCE			
(A) Current:	2(l)		
1 July balance		786,272	1,556,692
Receipts & Billings (to be held < 12 months)		1,482,557	1,176,196
Transferred from Non-Current		-	233,333
Transferred to Income		(1,443,400)	(2,179,949)
30 June balance		<u>825,429</u>	<u>786,272</u>
(B) Non-Current			
1 July balance		-	233,333
Receipts (to be held > 12 months)		-	-
Transferred to Current		-	233,333
30 June balance		<u>-</u>	<u>-</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10 PROVISIONS	Note	2016	2015
(A) CURRENT	2(l)		
Annual leave		145,923	150,750
Long service leave		111,380	66,849
Total current provisions		257,303	217,599
(B) NON-CURRENT			
Long service leave		153,968	159,321
Total non-current provisions		153,968	159,321

A portion of long service leave and the entire annual leave balance have been classified as a current liability since the company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period. The company expects that 40% of the annual leave liability and 70% of the long service liability will be paid after 12 months following the end of the reporting period.

11 TOTAL FUNDS

MOVEMENTS IN FUNDS

Details of the movement in each reserve and fund are provided in the statement of changes in funds

DETAILS OF RESERVES AND FUNDS INCLUDED IN STATEMENT OF CHANGES IN FUNDS

General reserve

The general reserve previously represented the funds of the company that are not designated for particular purposes. This reserve has been discontinued from June 2015, and the balance transferred to Retained earnings.

Australian Ageing Research Foundation (AARF)

The AARF was established in April 2015 to assist the fundraising efforts of the company. The AARF reserve has been established to hold the net proceeds of events and donations raised using the AARF name.

MEMBERS' GUARANTEE

The company is limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the company. At 30 June 2016 the number of members was 85.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS

The main risks the company is potentially exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and equity price risk.

The company's financial instruments consist mainly of deposits with banks, term deposits, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2016	2015
<u>Financial Assets</u>		
Cash and bank balances	522,012	218,591
Held-to-maturity investments	1,383,366	1,329,237
Loans & Receivables	182,274	212,566
<u>Financial Liabilities</u>		
Creditors & Other Payables (Cost)	297,532	442,440

Financial risk management policies

Mitigation strategies for specific risks faced are described below:

The Board has overall responsibility for the establishment of the company's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and company's activities.

The day-to-day risk management is carried out by company's finance function under policies and objectives which have been approved by the Board. The Board has the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board receives quarterly reports which provide details of the effectiveness of the processes and policies in place. The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is currently not exposed to changes in market prices.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments. The company currently only invests in fixed interest securities.

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

The company is not exposed to any significant market risk.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

13. COMMITMENTS AND CONTINGENCIES

(A) FINANCE LEASES

The company has not entered into any finance leases.

(B) OPERATING LEASES

The company leases land and buildings from Melbourne Health for a nominal rent. The current lease runs until 10th October, 2018. There are no restrictions placed upon the lessee upon entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at the reporting date are:

	2016	2015
Within one year	5	5
After one year but not more than five years	5	10
More than five years	-	-
Total commitments under operating leases	10	15

(C) CAPITAL EXPENDITURE COMMITMENTS

At reporting date the company has not entered into contracts for capital expenditure which have not been provided for in the financial statements.

(D) CONTINGENT ASSETS & LIABILITIES

The company has no contingent assets or liabilities (2015 \$0) as at the reporting date.

14. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(A) DIRECTORS' COMPENSATION

With the exception of the executive director, all directors act in an honorary capacity and receive no compensation for their services. The executive Director remuneration is included in (C) below.

(B) TRANSACTIONS WITH DIRECTOR-RELATED ENTITIES

There were no transactions with director-related entities in the previous financial year (2015: \$0).

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

Total key management personnel remuneration

Note 2016 2015

576,298 764,117

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

15. ECONOMIC DEPENDENCY

The company is dependent upon the ongoing receipt of grants & contracted funding from the Victorian Department of Health and the Federal Department of Health and Ageing.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2016

The directors' declare that in their opinion:

- a) There are reasonable grounds to believe that the entity is able to pay all of its debts, as and when they become due and payable; and
- b) The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for profits Commission Act 2012*,

Signed in accordance with a resolution of the directors made pursuant to subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

On behalf of the directors



Michael Murray (Chair)

Melbourne, 14 November 2016.



Frances Briony Dow (Director)

**Independent Auditor's Report
To the Members of
National Ageing Research Institute Ltd
ABN 71 154 866 047**



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We have audited the accompanying financial report of National Ageing Research Institute Ltd (the company), which comprises the statement of financial position as at 30 June 2016, statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial report of National Ageing Research Institute Ltd is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



William Jonathan Griffin
APL Financial Pty Ltd

14th November 2016