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CORPORATE INFORMATION

ABN 71 154 866 047

Directors

M. Murray (Chair)
F. B. Dow
R. Gallina
D. Liew
M. McCabe
D. McMillan
M. Thomson (from 30 Sep 2019)
J. Waters

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 2020

The directors present this report to the members of National Ageing Research Institute Ltd. (the Institute) for the year ended 30 June 2020.

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	-	5	5	6	5
F. Dow	18/05/2015	-	5	4	6	5
R. Gallina	18/08/2014	-	5	5	6	6
D. Liew	27/05/2019	-	5	5	-	-
M. McCabe	17/11/2014	-	5	4	-	-
D. McMillan	17/02/2014	-	5	5	6	6
M. Thomson	30/09/2019	-	4	3	-	-
J. Waters	15/08/2016	-	5	5	6	5

* Number of board meetings in the financial year, during the director's tenure

** Board meetings attended

*** Number of Finance & Risk Management committee meetings in the financial year, during the director's tenure

**** Finance & Risk Management Meetings attended

PRINCIPAL ACTIVITIES

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

Conduct research into aspects of ageing, aged care and geriatric syndromes including dementia, falls, pain, health promotion, cognitive issues, mental health, care relationships, elder abuse and quality service delivery.

OBJECTIVES

The Institute'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 Institute 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:

- Improve the lives of older people through collaborative research and its translation into policy and practice
- Develop and grow a strong, vibrant and interdisciplinary workforce in ageing
- Partner with older people, peak bodies, health and aged care services to identify and address evidence practice gaps
- Provide a high quality education and professional development in ageing
- Be strong advocates for health, wellbeing and recognition of older people
- Maintain and grow NARI as a centre for research excellence in ageing

KEY EVENTS

The Hon. Marsha Thomson was appointed to the Board 30 Sep 2019.

The Institute has been significantly impacted by the Covid 19 pandemic, with all staff now working from home and some projects being disrupted primarily due to study site access difficulties.

SIGNIFICANT CHANGES IN ACTIVITIES

There were no significant changes in activities during the year

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Institute has recorded strong revenue growth over the last three years, with a 79% increase for the 2018 year, a 24% increase for the 2019 year, and a further 20% growth for the 2020 financial year.

OPERATING RESULT

The Institute recorded a deficit of \$88,130 for the year. (2019: surplus \$168,434).

The operating result has been impacted adversely by the adoption of *AASB 16 Lease* and *AASB 1058 Income of Not-for-Profit Entities* which require the Institute to recognise a Right of Use Lease asset for the peppercorn lease it holds with Melbourne Health, and then amortise that lease over its term. In the 2020 year the result has been impacted by an amortisation charge of \$221,623, effectively changing a surplus of \$133,493 to a deficit of \$88,130.

DIVIDENDS PAID OR RECOMMENDED

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

AFTER BALANCE DAY EVENTS

There have been no significant after balance day events, but Covid-19 continues to impact progress with research projects and staff are all still working from home.

MEMBERS' GUARANTEE

In accordance with the Institute's constitution each member is liable to contribute \$20 in the event that the Institute is wound up. The total amount members would contribute is \$640.

AUDITORS' INDEPENDENCE

The auditors' declaration of independence appears on page 22 and forms part of the director's report for the year ended 30 June 2020.

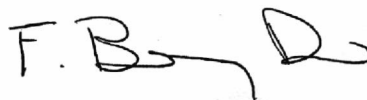
Signed in accordance with a resolution of the directors on 4th November 2020.

On behalf of the directors:



Michael Murray

Melbourne, 6 November 2020



Frances Briony Dow

Melbourne 6 November 20

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2020	2019
Revenues	3(a)	5,613,076	4,619,082
Other Income	3(b)	160,059	195,505
Total Income		5,773,135	4,814,587
Expenditure			
Employee Benefits	3(c)	3,929,257	3,116,537
Project costs		1,047,670	872,658
Research support	3(d)	503,741	261,955
Other	3(e)	380,597	395,003
Total Expenditure		5,861,265	4,636,153
Surplus (Deficit) for the year		(88,130)	168,434
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		-	-
Total comprehensive income/(deficit) for the year		(88,130)	168,434

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 2020

STATEMENT OF FINANCIAL POSITION

	Note	2020	2019
ASSETS			
Current assets			
Cash & cash equivalents	4	1,395,602	985,273
Trade Debtors	5(a)	277,053	326,208
Financial Assets	6	4,000,000	3,600,000
Other Assets	5(b)	45,434	57,795
Total current assets		5,718,089	4,969,276
Non-current assets			
Property plant & equipment	7A	302,248	282,153
Intangible assets	7B	-	3,900
Right of Use Asset – Building Lease	7C	726,760	-
Total non-current assets		1,029,008	286,053
Total Assets		6,747,097	5,255,329
LIABILITIES			
Current liabilities			
Trade creditors & other payables	8	550,941	345,061
Income in Advance	9	3,372,029	3,096,485
Provisions	10(a)	458,135	324,203
Total current liabilities		4,381,105	3,765,749
Non-current liabilities			
Lease Liability – Right of Use Asset		15	-
Provisions	10(b)	152,551	136,392
Total non-current liabilities		152,566	136,392
Total liabilities		4,533,671	3,902,141
Net assets		2,213,426	1,353,188
FUNDS			
	11		
Reserves		156,984	132,354
Retained earnings		2,056,442	1,220,834
Total Funds		2,213,426	1,353,188

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CHANGES IN FUNDS

	Retained Earnings	Australian Ageing Research Foundation	Total Funds
2019			
Balance at 1 July 2018	1,110,657	74,097	1,184,754
Movement attributable to members	110,177	58,257	168,434
Balance at 30 June 2019	1,220,834	132,354	1,353,188
2020			
Balance at 1 July 2019	1,220,834	132,354	1,353,188
Recognition of Right of Use Lease Asset	948,368	-	948,368
Transfer to Research Projects	10,000	(10,000)	-
Movement attributable to members	(112,760)	34,630	(88,130)
Balance at 30 June 2020	2,066,442	156,984	2,213,426

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CASH FLOWS

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from:			
Grants and other contributions		6,366,733	5,373,631
Interest income		74,161	84,203
Education & training		54,776	52,366
Donations and fundraising		52,779	104,453
Payments to suppliers & employees		(5,612,465)	(4,889,634)
Net cash flows from operating activities		935,984	725,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant & equipment		(153,749)	(142,147)
Reduction (increase) in Investments in term deposits		(400,000)	(472,366)
Proceeds from sale of property, plant & equipment		28,094	12,550
Net cash flows from investing activities		(525,655)	(601,963)
Net increase (decrease) in cash and cash equivalents		410,329	123,056
Cash and cash equivalents at beginning of year		985,273	862,217
Cash and cash equivalents at end of year	4	1,395,602	985,273

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

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 2020 were authorised for issue in accordance with a resolution of the directors on 28 September, 2020. 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.

1A. COVID-19 PANDEMIC

During the financial year 2020, a global pandemic caused by a coronavirus (COVID-19) has been declared.

The company's response has included:

- Staff have been working from home since March 2020.
- Staff have been restricted from travel since March 2020.
- A covid-safe working group has been established to assist and monitor our operational response to the pandemic.
- Research projects have had their activities restricted and their timelines delayed, and in some cases have been redesigned to allow them to continue in a covid-safe manner.
- Project extensions have been obtained where necessary.
- Government support in the form of the Cash Flow Boost and JobKeeper programs has been obtained

The company continues to closely monitor the COVID-19 pandemic and its impact on the global and domestic economies. The expected duration and magnitude of this pandemic and its potential impacts on the economy and financial markets are unclear. It is not known whether the measures being undertaken in Australia and globally will be sufficient to limit the impact on the economy. The financial impacts for many businesses are expected to be material and for the company it will depend on how the situation and its impact on the economy and our customers evolves.

Financial impacts of the COVID-19 pandemic identified and recognised during the financial year 2020 have been reflected in our financial performance for the year and considered in our financial position as at 30 June 2020. To the extent that ongoing impacts have been estimated we have considered the uncertainties arising from the COVID-19 pandemic in preparation of our financial statements and the relevant disclosures have been included.

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.

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

The Right of Use Lease Asset for the company premises has been measured at fair value.

The methods used to measure the fair values of this asset 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Significant accounting judgments

Grants and other contributions received

When the Company receives grants, donations and bequests that are in the scope of AASB 1058 it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Company:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - contributions by owners (AASB 1004)
 - a lease liability (AASB 16)
 - revenue, or a contract liability arising from a contract with a customer (AASB 15)
 - a financial instrument (AASB 9)
 - a provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised

Lease Valuation

During the financial year the company has recognised a Right of Use Lease Asset with respect to its premises in Parkville. As the premises are unique in both location and character significant judgement has been required to ascribe a market rental value to the premises.

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.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate

(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 are assessed to determine whether they are enforceable and contain sufficiently specific performance obligations to be recognized incrementally under AASB 15. Such grants are initially recognised as a liability (Income in Advance) and revenue is recognised as services are performed or conditions fulfilled. Revenue from grants that are not enforceable or do not contain sufficiently specific

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

performance obligations are 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. The company has recognized a right of use lease asset for the first time in the 2020 financial year

No amounts are included in the financial statements for services donated by volunteers as this could not be reliably estimated.

(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) FINANCIAL ASSETS - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified. Impairment testing is conducted regularly on accounts receivable balances (every six months)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial assets at fair value through profit or loss (FVTPL)

FVTPL assets include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. The company does not hold any FVTPL assets

Held-to-maturity (HTM) investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity. The Company currently holds term deposits designated into this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The company does not hold any AFS assets.

(G) 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:

	2020	2019
Website	33⅓%	33⅓%
Software	33⅓%	33⅓%

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 expenses.

Impairment

The policy in connection with testing for impairment is outlined in Note 2(J): Impairment of Assets.

(H) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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:

	2020	2019
Plant and equipment	10-25%	10-25%
Computer equipment	33⅓%	33⅓%
Motor vehicles	20%	20%

Impairment

The policy in connection with testing for impairment is outlined in Note 2(J): Impairment of Assets.

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.

(I) RIGHT OF USE ASSETS

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of lease liability.

Amortisation and impairment of right-of-use assets

Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the leased asset transfers at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset. Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 2(J): Impairment of Assets.

First time adoption of the new lease accounting standard

The company has adopted AASB 16 Leases & AASB 1058 Income for Not-for-Profit Entities effective 1 July 2019 using the modified retrospective adoption approach. Applying this method, the comparative information for the financial year 2019 has not been restated. Instead, the cumulative effect of initially applying this standard was adjusted as at 1 July 2019 to amend the opening balance of retained earnings and the respective line items in the statement of financial position.

A Right of Use lease asset was recognised with respect to the peppercorn lease the company holds with Melbourne Health for the use of its premises. The following transaction to amend the opening balance of retained earnings was processed 1 July 2019 per the standard:

Right of Use Lease asset	DR	\$948,383
Lease Liability	CR	\$15
Retained Earnings	CR	\$948,368

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The right of use asset is stated at fair value (as above) less accumulated amortization and any accumulated impairment losses, and is amortised on a straight line basis over the term of the lease as follows:

	2020	2019
Right of Use Lease Asset	23.37%	-

(J) IMPAIRMENT OF ASSETS

Property, plant, equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised as a revaluation decrement through 'All other movements in equity' in the Operating Statement. Unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

Intangible assets not yet available for use or with an indefinite useful life are tested for impairment each reporting period irrespective of whether there is any indication of impairment. Tests are undertaken each reporting period.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(K) FINANCIAL LIABILITIES – CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The Company's financial liabilities include borrowings and trade and other payable, usually settled in 30 days

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

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 2020, matched to 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, including:

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 15 *Revenue from Contracts with Customers* (AASB 15)
- AASB 16 *Leases* (AASB 16)
- AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058)
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* (AASB 2016-8)
- AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* (AASB 2018-8)
- AASB 2019-8 *Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases* (AASB 2019-8).
- AASB 2019-6 *Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities* (AASB 2019-6)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The adoption of amendments to Australian Accounting Standards has had a material impact on the accounts for the 2020 financial year. The recognition of a Right of Use Lease asset at 1 July 2019 increased the company's net equity from \$1.35m to \$2.3m, and its subsequent amortisation (\$221,623 for the 2020 year) has changed the operating result from an expected surplus of \$133,493 to a deficit of \$88,130.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. REVENUE, OTHER INCOME AND EXPENSES	Note	2020	2019
(A) REVENUE			
Victorian state government grants & contracts		1,440,441	1,118,426
Commonwealth government grants & contracts		2,800,371	2,295,744
Other contract research		265,674	253,558
Philanthropic grants & contracts		1,069,120	898,604
Education & training		37,470	52,750
Total revenue		5,613,076	4,619,082
(B) OTHER INCOME			
Interest		65,629	87,314
Donations & Fundraising		63,569	94,553
Profit on Disposal of Assets		24,909	12,550
Miscellaneous		5,952	1,088
Total other income		160,059	195,505
Total all revenue		5,773,135	4,814,587
(C) EMPLOYEE BENEFIT EXPENSES			
Wages & salaries		3,295,543	2,700,819
Superannuation		299,258	250,885
Workers compensation insurance		11,132	6,748
Other employee benefit expenses		22,155	28,899
Scholarships		135,000	70,000
Contractors		16,077	-
Movements in employee benefits provisions		150,092	59,206
Total employee benefit expense		3,929,257	3,116,537
(D) RESEARCH SUPPORT			
Depreciation & amortisation		343,608	115,571
Other		160,133	146,384
		503,741	261,995
(E) OTHER EXPENDITURE			
Audit costs		7,878	9,000
Other		372,719	386,003
		380,597	395,003

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4	CASH AND CASH EQUIVALENTS	2(E)	2020	2019
	Cash at bank and in hand		522,643	351,289
	At call deposits		872,959	633,984
			1,395,602	985,273
	Cash at bank earns interest at floating rates based on daily deposit rates.			
5	TRADE DEBTORS & OTHER ASSETS		2020	2019
	5(a) Trade Debtors			
	Trade debtors	2(F)	277,053	326,208
	Less: Provision for doubtful debts		-	-
	Net trade Debtors		277,053	326,208
	5(b) Other Assets			
	Deposits		9,574	-
	Prepayments		24,460	37,863
	Accrued income		11,401	19,392
	Total Other Current Assets		45,435	57,795
	Total Other Assets		45,435	57,795
	Total Trade Debtors & Receivables		322,488	384,003

	Note	2020	2019
6 FINANCIAL ASSETS			
Term Deposits	2(g)	4,000,000	3,600,000
		4,000,000	3,600,000

7	NON-CURRENT ASSETS			
	7(A) PROPERTY PLANT & EQUIPMENT			
		Motor Vehicles	Plant & equipment	Total
	At cost			
	1 July 2018	110,016	506,307	616,323
	Additions 2018/19	35,455	93,912	129,367
	Disposals 2018/19	34,330	18,758	53,088
	30 June 2019	111,141	581,461	692,602
	Additions 2019/20	83,142	56,964	140,106
	Disposals 2019/20	55,136	185,557	240,693
	30 June 2020	139,147	452,868	592,015

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Motor Vehicles	Plant & equipment	Total
Accumulated Depreciation			
1 July 2018	80,873	274,703	355,576
Charged	16,597	91,364	107,691
Disposals	(34,330)	(18,758)	(53,088)
30 June 2019	63,140	347,309	410,449
Charged	20,847	97,239	118,086
Disposals	(53,211)	(185,557)	(238,768)
30 June 2020	30,776	258,991	289,767
Carrying Amount			
30 June 2019	48,001	234,152	282,153
30 June 2020	108,371	193,877	302,248

7(B) INTANGIBLE ASSETS

	Website	Software	Total
At cost			
1 July 2018	16,680	22,813	39,493
Additions	-	-	-
Disposals	-	7,736	7,736
30 June 2019	16,680	15,077	31,757
Additions	-	-	-
Disposals	-	15,077	15,077
30 June 2020	16,680	-	16,680
Accumulated Amortisation			
1 July 2018	16,680	8,841	25,521
Charged	-	7,610	7,610
Disposals	-	(5,274)	(5,274)
30 June 2019	16,680	11,177	27,587
Charged	-	3,900	3,900
Disposals	-	(15,077)	(15,077)
30 June 2020	16,680	-	16,680
Carrying Amount			
30 June 2019	-	3,900	3,900
30 June 2020	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7(C) RIGHT OF USE LEASE ASSET

	Lease Asset
At fair value	
30 June 2019	-
Recognition (1 July 2019)	948,383
Disposals	-
30 June 2020	948,383
Accumulated Amortisation	
30 June 2019	-
Charged	221,623
Disposals	-
30 June 2020	221,623
Carrying Amount	
30 June 2019	-
30 June 2020	726,760

	Note	2020	2019
8 TRADE CREDITORS AND ACCRUALS	2(k)		
Trade creditors		251,021	98,544
Payroll liabilities		117,935	68,388
Tax liabilities		152,193	157,745
Other accruals		29,792	20,384
Total Trade creditors and accrued expenses		550,941	345,061

	Note	2020	2019
9 INCOME IN ADVANCE	2(l)		
Current:			
1 July balance		3,096,485	2,694,762
Receipts & Billings in Advance		4,441,560	4,013,013
Transferred to Income		(4,166,016)	(3,611,290)
30 June balance		3,372,029	3,096,485

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10	PROVISIONS	Not e 2(l)	2020	2019
(A)	CURRENT			
	Annual leave		292,666	172,649
	Long service leave		165,470	151,554
	Total current provisions		458,136	324,203
(B)	NON-CURRENT			
	Long service leave		152,551	136,392
	Total non-current provisions		152,551	136,392

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 80% 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

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.

12. 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 2020 the number of members was 32.

13. 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:

	2020	2019
<u>Financial Assets</u>		
Cash and bank balances	1,395,602	985,273
Held-to-maturity investments	4,000,000	3,600,000
Loans & Receivables	277,053	326,209
<u>Financial Liabilities</u>		
Creditors & Other Payables (Cost)	550,941	335,843

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

14. COMMITMENTS AND CONTINGENCIES

(A) LEASES

From 1 July 2019 the company has applied AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities. AASB 16 introduces a comprehensive model for the identification of lease arrangements and requires lessees to recognise most leases (operating and finance leases) on the Balance Sheet as right-of-use assets and lease liabilities. This change excludes short-term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000).

The company leases land and buildings from Melbourne Health for a nominal rent. The current lease runs until 10th October, 2023, with an option to extend until 10th October 2026. This lease has been capitalised as a Right of Use asset from 1 July 2019

The company leases computer equipment from HP financial services. This lease has not been capitalised as it has less than twelve months to run from adoption of the standard.

Future minimum rentals payable under this non-cancellable operating lease as at the reporting date are:

	2020	2019
Within one year	9,264	12,353
After one year but not more than five years	-	9,627
More than five years	-	-
Total commitments under operating leases	9,264	21,620

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(B) 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.

(C) CONTINGENT ASSETS & LIABILITIES

The company has no contingent assets or liabilities (2019 \$0) as at the reporting date.

15. 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 (2019: \$0).

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

Total key management personnel remuneration (5 staff; 2019 4 staff)

Note	2020	2019
	756,910	679,058

16. 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 2020

The directors declare that in their opinion:

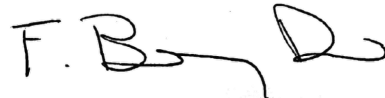
- a. The consolidated financial statements and notes of the National Ageing Research Institute Limited are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
- i. Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- b. There are reasonable grounds to believe that the National Ageing Research Institute Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors on behalf of the directors



Michael Murray (Chair)

Melbourne 6 November, 2020.



Frances Briony Dow (Director)

Melbourne 6 November, 2020.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL AGEING RESEARCH INSTITUTE LIMITED
ABN 71 154 866 047**

Accountants and Business Advisors

Report on the Audit of the Financial Report

PO Box 300, Mulgrave Victoria 3170

Level 1, 32 Business Park Drive,

Notting Hill, Victoria 3168

www.aplfinancial.com.au

T: 03 9558 6288

F: 03 9558 9903

Opinion

We have audited the financial report of National Ageing Research Institute Limited (the company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of National Ageing Research Institute Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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 company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (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 are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2020 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, 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 in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 company's ability 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 company'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 company'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 company to cease to continue as a going concern.
- 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.



William Jonathan Griffin

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

Dated this 6th day of November 2020

AUDITOR'S INDEPENDENCE DECLARATION

**TO THE DIRECTORS OF
NATIONAL AGEING RESEARCH INSTITUTE LIMITED
ABN 71 154 866 047**

Accountants and Business Advisors

PO Box 300, Mulgrave Victoria 3170

Level 1, 32 Business Park Drive,

Notting Hill, Victoria 3168

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F: 03 9558 9903

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

1. 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
2. No contraventions of any applicable professional conduct in relation to the audit.



William Jonathan Griffin

Dated this 6th day of November 2020