Supporting smart decisions. Powered by research.

Financial year ended 30 June 2019

Sax Institute Financial Statements

The Sax Institute

ABN 68 095 542 886

Financial Statements for the Year Ended - 30 June 2019

The Sax Institute
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Irene Moss (Former Chairperson - Resigned 31 October 2018)
Professor Selina Redman (Chief Executive Officer)
Ms Kim Anderson (Acting Chairperson – Appointed 31 October 2018)
Dr Kerry Chant
Professor Robert Cumming
Professor Stephen Jan
Dr George Jessup
Mr Michael Lambert
Mr Christopher Paxton
Professor David Preen
Professor Peter Smith
Professor Nicholas Talley (Resigned 13 July 2018)
Professor Johanna Westbrook

Ms Jane Stanton (Audit & Risk Management Committee: non-Director)

Objectives

Our Mission:
To improve health and wellbeing by driving the use of research in policies, program and services.

Our Vision:
The Sax is a national and international centre of excellence in embedding research into the fabric of policy, program and service delivery decisions.

Short and long-term objectives:
The Sax Strategic Plan has two stated objectives. By June 2024, we aim to:

1) Increase our impact on the use of research in policies, programs and services that effect health and well-being.

   Our goal is to be more effective in achieving our mission. Specifically, we aim to have:
   a) More examples of our work having a significant impact;
   b) Grow our reach and influence on agencies and organisations across Australia and beyond health; and
   c) Programs and services that are recognised for their effectiveness and are conducted with independence and integrity.

2) Achieve greater financial sustainability.

   By 2024, we will have greater financial capacity to withstand changes in our environment and to invest in innovation and business development. Specifically, we aim to have:
   a) Greater cash reserves;
   b) Increased income;
   c) Increased annual surplus;
   d) Increased and diverse sources of untied income; and
   e) Strong order book of future income.

Strategy for achieving the objectives

We will achieve our impact and financial sustainability targets through eight interlinked strategies. The Institute will:

- Increase our impact on health systems, health and wellbeing by better disseminating and stimulating use of our research findings.
- Strengthen and balance our portfolio of assets, programs and services to ensure it delivers on our mission through strategic innovation and judicious selection of programs and services.
- Increase our ability to deliver high-quality services and programs within a dynamic environment by developing our internal expertise, better engaging with external expertise and by strengthening our responsiveness and flexibility.
- Strengthen our profile amongst current and future partners by developing responsive and agile communications.
- Strengthen our long-term financial sustainability through improved financial management, efficiencies and business models and by developing new sources of untied funds.
- Strategically position our research platforms to ensure that they remain valuable in a rapidly changing environment.
- Expand our programs and services to better provide new intelligence that helps our partners address challenges in policy, program and service delivery.
- Strengthen our existing and develop new approaches to provide an internationally leading capability in connecting decision makers with what is known from research.

Performance measures

The following are measures used within the Institute to monitor performance:

- Track and report on instances of impact that arise from our work in public policy, programs or service delivery.
- Expanding the number, size and spread of the partners that the Institute collaborates with.
- Growing both the size and diversity of the Institute's annual revenue, diversifying away from but continuing to complement its traditional funding base of New South Wales and/or health services.
- Increasing its active collaboration with organisations at both a national and international level.
- Continuing to provide demonstrable satisfaction to its stakeholders, as evidenced through for example, surveys; invitations to speak at major national and/or international meetings.

Information on directors

Name:	Kim **Anderson**
Title:	Ms
Qualifications:	BA, Post Graduate Diploma in Library and Information Science
Experience and expertise:	Non-Executive Director of ASX listed companies Carsales, WPP AUNZ and Marley Spoon. Chairperson of beem it. Fellow of the University of Sydney Senate and Chair Building and Estates Committee, Member of the Audit Risk Management and Investments Committee 2004-2011. Former CEO of Southern Star Entertainment. Former CEO and founder of Reading Room Inc (bookstr.com).
Special responsibilities:	Acting Chairperson of the Board of Directors

Name:	Selina **Redman** AO
Title:	Professor
Qualifications:	BA (Psych), BA (Hons) (Psych), PhD
Experience and expertise:	Expertise in public health, research and knowledge mobilisation. Currently chairs the Advisory Committee of the Australian Women's Longitudinal Study on Women's Health; is a member of the ACI Reducing Unwarranted Clinical Variation Taskforce; and is a member of the Strategic Research Committee, The Australian Red Cross Blood Service.
Special responsibilities:	Chief Executive Officer

Name:	Kerry **Chant**
Title:	Dr
Qualifications:	MBBS, FAFPHM, MHA, MPH
Experience and expertise:	Chief Health Officer and Deputy Secretary, Population and Public Health, NSW Ministry of Health

Name:	Robert **Cumming**
Title:	Professor
Qualifications:	MBBS, MPH, PhD
Experience and expertise:	Professor of Epidemiology, Sydney School of Public Health, The University of Sydney
Name:	Stephen **Jan**
Title:	Professor
Qualifications:	PhD, Masters of Economics, Bachelor of Economics
Experience and expertise:	Professor of Health Economics, The George Institute for Global Health, University of NSW, Honorary Professor of Health Economics, Sydney Medical School, The University of Sydney
Name:	George **Jessup**
Title:	Dr
Qualifications:	MB, BS, MBiomedEng, MBA
Experience and expertise:	Director, Blue Jay Ventures Pty Ltd. Founder and former managing director of Start-up Australia Ventures, a closed end venture capital fund.
Special responsibilities:	Member, Audit and Risk Management Committee, Remuneration and Nomination Committee
Name:	Michael **Lambert**
Title:	Mr
Qualifications:	BEc (Hons), MEc, MA (Phil), GAICD
Experience and expertise:	Public finance, corporate finance, government, public policy and health sector. Administrator of the National Health Funding Pool.
Special responsibilities:	Chair, Audit and Risk Management Committee. Member, Remuneration and Nomination Committee.
Name:	Christopher **Paxton**
Title:	Mr
Qualifications:	BA (Hons) in Economics (UK), MBA (UK)
Experience and expertise:	Partner, PwC PricewaterhouseCoopers Australia
Special responsibilities:	Member, Audit and Risk Management Committee, Remuneration and Nomination Committee.
Name:	David **Preen**
Title:	Professor
Qualifications:	BSc(Hons) PhD
Experience and expertise:	Chair in Public Health at the School of Population and Global Health University of Western Australia.
Name:	Peter **Smith**
Title:	Professor
Qualifications:	RFD, MD, FRACP, FRCPA, FAICD
Experience and expertise:	Former Dean of Medicine, UNSW and University of Auckland. Executive Chair, Evexia Care Pty Ltd
Name:	Johanna **Westbrook**
Title:	Professor
Qualifications:	BAppSc, With Distinction, The University of Sydney. MHA, University of New South Wales. Grad Dipp App Epidemiology. PhD, The University of Sydney.
Experience and expertise:	Professor of Health Informatics and Director, Centre for Health Systems and Safety Research, Australian Institute of Health Innovation, Macquarie University. Board Member, Australian Digital Health Agency. Chair, Advisory Board, Deeble Institute for Health Policy Research, Australian Healthcare and Hospitals Association.

Company secretary

The following person held the position of Company Secretary at the end of the financial year: Mr Norman Pack (B.Comm; MBA; FCPA; GAICD) has been the Company Secretary since July 2016. He has held a number of independent and executive board directorship roles, and has over 30 years of senior finance experience.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Irene Moss	1	1	-	-	-	-
Selina Redman	4	2	-	-	-	-
Kim Anderson	4	3	-	-	2	2
Kerry Chant	4	2	-	-	-	-
Robert Cumming	4	3	-	-	-	-
Stephen Jan	4	4	-	-	-	-
George Jessup	4	4	4	4	3	3
Michael Lambert	4	4	4	4	3	3
Christopher Paxton	4	3	4	4	2	1
David Preen	4	1	-	-	-	-
Peter Smith	4	2	-	-	-	-
Johanna Westbrook	4	2	-	-	-	-
Jane Stanton (non-Director)	-	-	4	2	-	-

A – Number of meeting eligible to attend.
B – Number of meetings attended.

Contributions on winding up

The Sax Institute is a not-for-profit unlisted public company limited by guarantee. In the event of and for the purpose of, winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up is limited to $10 for members that are corporations and $10 for all other members, subject to the provisions of the Institute's constitution.

At 30 June 2019 the collective liability of members was $530 (2018: $480).

This report is made in accordance with a resolution of directors on this 18th day of September 2019.

On behalf of the Board of Directors

Kim Anderson
Acting Chair

Professor Selina Redman
Executive Director

The Sax Institute
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30 June 2019

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The Sax Institute
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	4	18,146,500	14,945,800
Other income	5	292,700	376,600
Expenses			
Project specific costs		(7,133,200)	(6,045,700)
Employee benefits expense		(8,730,200)	(7,745,200)
Depreciation and amortisation expense		(590,200)	(443,200)
Administration expenses		(1,363,900)	(1,045,900)
Surplus before income tax expense		621,700	42,400
Income tax expense	2	-	-
Surplus after income tax expense for the year attributable to the members of The Sax Institute	17	621,700	42,400
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of The Sax Institute		621,700	42,400

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Sax Institute
Statement of financial position
As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	6	11,532,100	13,894,800
Trade and other receivables	7	1,235,900	1,631,000
Financial assets at fair value through other comprehensive income	8	536,100	523,800
Other	9	1,239,300	802,200
Total current assets		14,543,400	16,851,800
Non-current assets			
Property, plant and equipment	10	575,700	717,500
Other	11	265,100	250,500
Total non-current assets		840,800	968,000
Total assets		15,384,200	17,819,800
Liabilities			
Current liabilities			
Trade and other payables	12	2,593,300	1,775,100
Employee benefits	13	503,100	499,700
Other	14	9,289,300	9,554,700
Total current liabilities		12,385,700	11,829,500
Non-current liabilities			
Employee benefits	15	220,500	173,000
Other	16	771,300	4,432,300
Total non-current liabilities		991,800	4,605,300
Total liabilities		13,377,500	16,434,800
Net assets		2,006,700	1,385,000
Equity			
Retained surpluses	17	2,006,700	1,385,000
Total equity		2,006,700	1,385,000

The above statement of financial position should be read in conjunction with the accompanying notes

The Sax Institute
Statement of changes in equity
For the year ended 30 June 2019

	Retained surplus $	Total equity $
Balance at 1 July 2017	1,342,600	1,342,600
Surplus after income tax expense for the year	42,400	42,400
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	42,400	42,400
Balance at 30 June 2018	1,385,000	1,385,000

	Retained surplus $	Total equity $
Balance at 1 July 2018	1,385,000	1,385,000
Surplus after income tax expense for the year	621,700	621,700
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	621,700	621,700
Balance at 30 June 2019	2,006,700	2,006,700

The above statement of changes in equity should be read in conjunction with the accompanying notes

The Sax Institute
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from grants		15,593,600	14,241,300
Payments to suppliers and employees		(17,775,700)	(16,832,100)
Donations received		-	74,600
Interest received		280,400	291,700
Net cash used in operating activities		(1,901,700)	(2,224,500)
Cash flows from investing activities			
Proceeds from available-for-sale investments		1,668,000	1,650,000
Purchase of property, plant and equipment		(448,800)	(72,200)
Purchase of available-for-sale investments		(1,680,200)	(1,660,300)
Net cash used in investing activities		(461,000)	(82,500)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(2,362,700)	(2,307,000)
Cash and cash equivalents at the beginning of the financial year		13,894,800	16,201,800
Cash and cash equivalents at the end of the financial year	6	11,532,100	13,894,800

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover The Sax Institute as an individual entity. The financial statements are presented in Australian dollars, rounded to the nearest 100 dollars, which is The Sax Institute 's functional and presentation currency.

The Sax Institute is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 September 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments
The company has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Grant revenue
Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity, and the amount of the grant can be measured reliably.

If conditions are attached to the grant that must be satisfied before it is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are met.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the grantor, otherwise the grant is recognised as income on receipt. In instances where the grant revenue exceeds the cost of the economic value provided, the surplus funds are deferred and guidance is sought from the grantor for the application of surplus funds.

Donations
Donations and bequests are recognised as revenue when received.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Licenced Data, Sub-Studies and Sponsored Questions revenue is recognised 50% on execution of contract with the customer and the remainder on delivery of services. This is reflective of the costs incurred during the process of delivering services to customers at the time of recognising revenue.

Income tax
As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 2. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment
Classes of property, plant and equipment are measured using the cost or revaluation model as specified below. Where the cost model is used, the asset is carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs, and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment that have been contributed at no cost, or for nominal cost, are re-valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation for all property, plant and equipment excluding freehold land is calculated using a reducing balance method from the date that management determines the asset is available for use. The Depreciation rates used for each class of depreciable assets are shown below:

Asset Type	Annual Depreciation Rate (%)
Furniture fixtures and fittings	5.0 - 7.5
Office equipment	10.0 – 40.0
Computer equipment	33.3
Leasehold improvements	20.0 – 25.0

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 2. Significant accounting policies (continued)

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. Assets are depreciated to 31 December 2019 when the lease for current office site will expire.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments 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 expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of property, plant and equipment
The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	2019 $	2018 $
Research grant and services	18,146,500	14,945,800

Note 5. Other income

	2019 $	2018 $
TCorp distributions	12,300	10,300
Finance income	280,400	291,700
Donations	-	74,600
Other income	292,700	376,600

Note 6. Current assets - cash and cash equivalents

	2019 $	2018 $
Cash on hand	800	800
Cash at bank	1,998,500	2,893,700
Cash on deposit	9,532,800	11,000,300
	11,532,100	13,894,800

The short-term bank deposits have a maturity date ranging from 30 to 90 days. The interest earned on these deposits ranges from 1.71 to 2.45 per cent.

Note 7. Current assets - trade and other receivables

	2019 $	2018 $
Trade receivables	1,106,500	1,411,000
Less: Allowance for expected credit losses	(90,000)	-
	1,016,500	1,411,000
Prepayments	217,700	218,300
Deposits	1,700	1,700
	1,235,900	1,631,000

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Note 8. Current assets - financial assets at fair value through other comprehensive income

	2019 $	2018 $
Available for sale financial assets	536,100	523,800

Available for sale financial assets comprise of investments in various TCorp funds. There are no fixed returns or fixed maturity dates attached to these investments.

Note 9. Current assets - other

	2019 $	2018 $
Accrued Revenue	1,239,300	802,200

Note 10. Non-current assets - property, plant and equipment

	2019 $	2018 $
Leasehold improvements - at cost	822,800	822,800
Less: Accumulated depreciation	(731,700)	(416,600)
	91,100	406,200
Fixtures and fittings - at cost	341,400	341,400
Less: Accumulated depreciation	(323,500)	(223,500)
	17,900	117,900
Computer equipment - at cost	1,470,300	1,091,200
Less: Accumulated depreciation	(1,099,200)	(1,049,300)
	371,100	41,900
Office equipment - at cost	853,300	827,000
Less: Accumulated depreciation	(757,700)	(675,500)
	95,600	151,500
	575,700	717,500

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements $	Furniture fixtures and fittings $	Computer equipment $	Office equipment $	Total $
Balance at 1 July 2018	406,200	117,900	41,900	151,500	717,500
Additions	-	-	422,400	26,400	448,800
Disposals	-	-	(400)	-	(400)
Depreciation expense	(315,100)	(100,000)	(92,800)	(82,300)	(590,200)
Balance at 30 June 2019	91,100	17,900	371,100	95,600	575,700

Note 11. Non-current assets - other

	2019 $	2018 $
Rental bond	265,100	250,500

Note 12. Current liabilities - trade and other payables

	2019 $	2018 $
Trade payables	874,200	416,400
Payroll liabilities	80,200	64,900
GST payable	51,900	126,000
Accrued expenses	1,587,000	1,167,800
	2,593,300	1,775,100

Note 13. Current liabilities - employee benefits

	2019 $	2018 $
Annual leave	390,000	395,300
Long service leave	113,100	104,400
	503,100	499,700

Note 14. Current liabilities - other

	2019 $	2018 $
Grants received in advance	9,289,300	9,554,700

If conditions are attached to the grant that must be satisfied before it is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are met.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the grantor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the grantor, otherwise the grant revenue exceeds the cost of the economic value provided, the surplus funds are deferred and guidance is sought from the grantor for the application of surplus funds.

Note 15. Non-current liabilities - employee benefits

	2019 $	2018 $
Long service leave	220,500	173,000

Note 16. Non-current liabilities - other

	2019 $	2018 $
Grants received in advance	771,300	4,432,300

Disclosures relating to grants received in advance are set out in note 14.

Note 17. Equity - retained surpluses

	2019 $	2018 $
Retained surpluses at the beginning of the financial year	1,385,000	1,342,600
Surplus after income tax expense for the year	621,700	42,400
Retained surpluses at the end of the financial year	2,006,700	1,385,000

Note 18. Financial risk management

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

The Institute's financial instruments consist mainly of deposits within banks, short-term investments, and 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:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	11,532,100	13,894,800
Other assets and receivables	1,235,900	1,631,000
Available for sale financial assets	536,100	523,800
Total financial assets	13,304,100	16,049,600

	2019 $	2018 $
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	2,593,300	1,775,100

The Institute's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Institute does not speculate in financial assets.

The most significant financial risks to which the Institute is exposed are described below:

Specific risks;
- Interest rate risk
- Credit risk
- Liquidity risk.

The principal categories of financial instrument used by the Institute are:
- Trade receivables
- Cash at bank and short-term deposits
- Trade and other payables.

Objectives, policies and processes:

Risk management is carried out by the Board of Directors with recommendations from the Audit and Risk Management Committee. Management has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Institute. These policies and procedures are then recommended by the Audit and Risk Management Committee and tabled at the Board meeting for their approval.

Recommendations by the Audit and Risk Management Committee are presented at Board meetings regarding the implementation of these policies and any risk exposure which the Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Institute is exposed is provided below.

The Institute's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases. the main purpose of non-derivative financial instruments is to raise finance for group operations. The Sax Institute does not have any derivative financial instruments at 30 June 2019.

Note 18. Financial risk management (continued)

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Sax Institute has an investment with NSW Treasury, which is a low-risk, at call account and is guaranteed by the Government. At 30 June 2019, the Company has no interest-bearing debt.

Liquidity Risk

The Institute manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate unutilised borrowing facilities are maintained. As at 30 June 2019, the Institute has an overdraft of $Nil (2018: $Nil).

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Institute does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Institute.

Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value estimation

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Note 19. Members' guarantee

The institute is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Institute is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding and obligations of the institute. At 30 June 2019 the number of members was 53 (2018: 48).

Note 20. Key management personnel disclosures

Executive Director Position	
Selina Redman	Chief Executive Officer

Executives Positions	
Martin McNamara	Deputy CEO & Division Head - Research Assets
Norman Pack	Chief Operating Officer
Sian Rudge	Division Head – Evidence for Action
Adam Creswell	Division Head - Communications and Information

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

Note 20. Key management personnel disclosures (continued)

	2019 $	2018 $
Aggregate compensation	1,250,800	1,225,100

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2019 $	2018 $
Related party transactions		
Donation made to the Institute	-	61,300
Art auction proceeds	-	25,100
Retained surpluses at the end of the financial year	-	86,400

Note 21. Contingent liabilities

As at 30 June 2019 the Institute has outstanding $850,000 (2018: $700,000) as a guarantee for an autopay facility and $265,100 (2018: $250,500) as a guarantee provided by the bank for the lease of office space.

Note 22. Commitments

	2019 $	2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	721,400	552,900
One to five years	3,529,800	323,800
	4,251,200	876,700

The property lease for the Jones Street, Ultimo is a non-cancellable lease on a three (3) year term with rent payable monthly in advance, expiring on 31 December 2019. Contingent rental provisions within the lease agreement require that the minimum lease repayments shall be increased by 4% per annum.

On 22 July 2019 the Company entered into a non-cancellable lease agreement on a (5) year term commencing on 1 December 2019 with rent payable monthly in advance for 30c Wentworth Street, Glebe. Contingent rental provisions within the lease agreement require that the minimum lease repayments shall be increased by 3.75% per annum.

The contingent liabilities are for lease commitments beyond balance date and hence are not reflected in current year financials. The amounts disclosed are rentals for the current and future office site.

Note 23. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 24. Economic dependency

The Sax Institute is dependent on the NSW Ministry of Health (the 'Ministry') for a significant contribution to fund corporate costs. The Ministry provides funding on a cash basis. It is anticipated that adequate funding will be provided to enable the Institute to pay its debts when they fall due. Funding agreements are entered into for five year periods with the current agreement in effect from 1 July 2018 to 30 June 2023.

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

The Sax Institute
Directors' declaration
30 June 2019

In the Directors' opinion

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors on this 18th day of September 2019

On behalf of the Board of Directors

Kim Anderson
Acting Chairperson

Professor Selina Redman
Executive Director

The Sax Institute

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of The Sax Institute (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity 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 financial report of The Sax Institute has been prepared 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 2019 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards – Reduced Disclosure Regime, 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 auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and 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.

Other Information

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

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

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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 Regime, the ACNC Act and the needs of the members. The directors responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx

This description forms part of our independent auditor's report.

William Buck

William Buck
Accountants & Advisors
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner

Sydney, 18th of September, 2019