

# **Centre for Eye Research Australia Limited and its controlled entity**

**ABN: 72 076 481 984**

## **Financial Statements**

**For the Year Ended 31 December 2018**

**Centre for Eye Research Australia Limited and its controlled entity**

ABN: 72 076 481 984

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**For the Year Ended 31 December 2018**

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## Directors' Report

### 31 December 2018

The directors present their report on the consolidated group including Centre for Eye Research Australia Limited (ABN 72 076 481 984) (**CERA**) and the Centre for Eye Research Foundation (ABN 24 684 029 499) (**CERAF**) for the financial year ended 31 December 2018. For the purposes of this report CERA and CERAF will be collectively referred to as the Entities.

#### 1. General information

##### **Directors**

The names of the directors for Centre for Eye Research Australia Limited at any time during the year 2018 are:

- Mr Simon Coates Brewin
- Mr Andrew Thomas Cowlshaw
- Professor Jonathan Guy Crowston (resigned 24 July 2018)
- Professor Robert Andrew Cuthbertson AO
- Ms Christine Elizabeth Edwards
- Ms Olivia Paige Hilton
- Mr Peter Douglas Larsen
- Professor Geoffrey John McColl (resigned 31 May 2018)
- Ms Wendy Kathryn Miller
- Ms Brigitte Helen Smith (resigned 31 January 2019)
- A/Professor Peter van Wijngaarden (appointed 24 July 2018)

The names of the directors for CERA Foundation Limited, as trustee for Centre for Eye Research Australia Foundation at any time during the year 2018 are:

- Ms Christine Elizabeth Edwards
- Ms Olivia Paige Hilton
- Ms Wendy Kathryn Miller
- Professor Jonathan Crowston (resigned 24 July 2018)

Directors have been in office for the entire 2018 year unless otherwise stated.

##### **Information on directors**

The qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

<b>Simon Coates Brewin</b>	B Bus, Grad Dip HSM, MBL, GAICD Director, Centre for Eye Research Australia (CERA), August 2017 Director, RVEEH, July 2017 Director, Uniting Age Well (Vic & Tas)
<b>Andrew Thomas Cowlshaw</b>	BComm (Accounting & Finance), ACA Partner, Mergers & Acquisitions, Ernst & Young Director & Treasurer, Centre for Eye Research Australia, February 2016 Chair, Centre for Eye Research Australia Finance and Risk Committee
<b>Jonathan Guy Crowston</b> (resigned 24 July 2018)	BSc, MBBS, PhD, FRCOphth, FRANZCO Managing Director, Centre for Eye Research Australia, January 2009 – 24 July 2018 Ringland Anderson Professor of Ophthalmology, University of Melbourne Director, Centre for Eye Research Australia Board Director, CERA Foundation Ltd Member, Centre for Eye Research Australia Finance and Risk Committee Member, Centre for Eye Research Australia Research Advisory Committees Director, ORIA Board and Research Advisory Committee, Director, World Glaucoma Association Board of Governors Director, Melbourne Academic Centre for Health Director, CERA Technologies Pty Ltd and CT Operations (Oculo) Pty Ltd Director, Et Al Research Pty Ltd Member, The Glaucoma Foundation (TGF) Scientific Advisory Board

## Directors' Report

### 31 December 2018

**Robert Andrew  
Cuthbertson AO**

BMedSci, MBBS, PhD FTSE FAHMS  
Chief Scientific Officer, CSL Limited  
Director, Centre for Eye Research Australia (CERA), June 2017  
Director, Grattan Institute  
Director, CSL Limited

**Christine Elizabeth  
Edwards**

B App Sc, Post Grad Cert Public Sector Management, M Health Admin, GAICD  
Director, Centre for Eye Research Australia, February 2015  
Director, Health Recruitment Plus, Tasmania  
Director, CERA Foundation Ltd  
Chair, The Glenorchy Art and Sculpture Park "GASP"  
Member, Advisory Committee, The Butterfly Trust, New Zealand  
Fellow, Australian Institute of Managers and Leaders  
Associate Fellow, Australasian College of Health Service Management  
Director, Indigo Foundation

**Olivia Paige Hilton**

Executive Director, Social Ventures Australia (SVA)  
Director, Centre for Eye Research Australia, February 2013 as nominated representative of the Members Forum, January 2018 as an Independent Director, March 2018 as Chair  
Chair, Centre for Eye Research Australia, Nominations & Appointments committee  
Member, Centre for Eye Research Australia Finance and Risk Committee  
Chair, CERA Foundation Ltd  
Director, Chuffed.org

**Peter Douglas Larsen**

BSC (Optometry)  
Director, Specsavers Pty Ltd and Specsavers New Zealand Limited  
Director, Professional Services, Specsavers  
Director, Centre for Eye Research Australia, October 2013  
Member, the Centre for Eye Research Australia Finance and Risk Committee  
Director, Dermox Pty Ltd

**Geoffrey John McColl**  
(resigned 31 May 2018)

B.Med.Sci, MBBS, FRACP, PhD, Med  
Head Melbourne Medical School, University of Melbourne  
Professor of Medical Education & Training, University of Melbourne  
Director, Centre for Eye Research Australia from June 2015  
Director, Australian Medical Council  
Director, Murdoch Children's Research Institute

**Wendy Kathryn Miller**

BA, LLB(Hon) (Melb)  
Governance & Legal Manager, Australian Centre for the Moving Image (until July 2018)  
Special Counsel, Thomson Geer (since July 2018)  
Director, Centre for Eye Research Australia, since August 2016  
Member, Centre for Eye Research Australia Finance and Risk Committee, since August 2016  
Director, CERA Foundation Ltd, since December 2017

**Brigitte Helen Smith**  
(resigned 31 January 2019)

B Chem Eng.(Hon), MBA(Hon), MALD  
Managing Director, GBS Venture Partners  
Director, Centre for Eye Research Australia (CERA), February 2015  
Director, Elastagen Pty Ltd  
Director, Endoluminal Sciences Pty Ltd,  
Director, Euthymics Inc  
Director, Neuromonics Pty Ltd,  
Director, Neurovance Inc,  
Advisory Board Member, RMIT Accelerator and Incubator  
Advisory Board Member, MATRIX, International Mathematical Research Institute  
Member, Translation Sub-committee of the Institute of Molecular Bioscience Advisory Board (IMB)  
Chair, Science, Medical Research and Technology (SMaRT) panel of the Victorian government



## Directors' Report

### 31 December 2018

**Associate Professor  
Peter van Wijngaarden**  
(since 24 July 2018)

MBBS (Hons), PhD, FRANZCO  
Interim Managing Director, Centre for Eye Research Australia, June 2018  
Director, Centre for Eye Research Australia Board  
Member, Centre for Eye Research Australia Finance and Risk Committee  
Member, Centre for Eye Research Australia Research Advisory Committees  
Member, Centre for Eye Research Australia, Nominations & Appointments committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Olivia Hilton took up the position of Chair for the Entities on 1 March 2018.

CERA Managing Director, Jonathan Crowston resigned from CERA, CERA board and CERAF board effective 24 July 2018. Associate Professor Peter van Wijngaarden was appointed interim CERA Managing Director and CERA director from 24 July 2018 while an international search was undertaken to appointment the new Managing Director.

Brigette Smith resigned as CERA Director 21 January 2018. Professor Geoff McColl resigned as the University of Melbourne representative on the CERA board effective 31 May 2018. Professor McColl has taken up a position as Executive Dean, Faculty of Medicine at the University of Queensland.

#### **Company secretary**

The following persons held the position of Company secretary throughout the financial year:

- Ms Jacinta Mackey B.Com, MCommLaw, Grad Dip IP Law, CA. Resigned 12 October 2018
- Ms Jade Lemmens, BHSc, CAPM, Cert GIA, Company Secretary since 12 October 2018.

#### **Principal activities**

The principal activity of CERA during the financial year was medical research in the field of ophthalmology. The institute conducts eye research across the full spectrum from laboratory based basic science and stem cell research through genetics and clinical research to translational and population-based studies. CERA is the national leader among ophthalmology research institutes in Australia and affiliated with the University of Melbourne and the Royal Victorian Eye and Ear Hospital. No major changes in the nature of CERA's activity occurred during the financial year.

#### **Strategic Plan objectives**

CERA's purpose is to save sight and change lives by conducting innovative eye research that makes a difference to patient lives. Our long-term objective is to create treatments, cures and reduce the burden of vision impairment.

In so doing we must also develop a business model that delivers organisational and financial sustainability and drives deeper strategic partnerships that strengthen our capacity and research impact. CERA's Strategic Plan to achieve this objective identifies three key priority areas: Research Impact, Organisational Development and Capacity Building and Sustainability.

Performance indicators include the following:

- producing 184 publications
- attracting \$3 million in competitive research funding
- maintaining our world ranking of number 4 for eye research

#### **Members guarantee**

The Centre for Eye Research Australia Limited is a 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 \$100 subject to the provisions of the company's constitution.

At 31 December 2018 the collective liability of members was \$800.

## 2. Operating results and review of operations for the year

#### **Operating results**

The surplus of the Group amounted to \$875,695 (2017: \$14,012,765, \$2,845,353 excluding gain on restructure). The operating results excluding depreciation and gain on restructure was \$1,376,255 (2017: \$3,563,574).

#### **Dividends paid or recommended**

## Directors' Report

31 December 2018

As the Entities are not for profit entities, no dividends paid or declared during or since the end of the financial year.

### *Review of operations and highlights of 2018*

In 2018, the research leaders at CERA and their areas of expertise were as follows:

- Associate Professor Penny Allen, Bionic Eye
- Professor Paul Baird, Ocular Genetics
- Associate Professor Michael Coote, Glaucoma Surgical Research
- Professor Jonathan Crowston, Glaucoma Research (until 24 July 2018)
- Associate Professor Mark Daniell, Corneal Research
- Dr Tom Edwards, Retinal Gene Therapy
- Professor Robyn Guymer, CERA Deputy Director and Head Macular Research
- Professor Mingguang He, Ophthalmic Epidemiology
- Dr Wilson Heriot, Vitreoretinal Research
- Dr Alex Hewitt, Clinical Genetics
- Professor Darren Kelly, Ocular Inflammatory Fibrosis
- Dr Nathan Kerr, Glaucoma Surgical Trials
- Dr Lyndell Lim, Clinical Trials
- Associate Professor Chi Luu, Deputy Head, Macular Research,
- Associate Professor Alice Pébay, Neuroregeneration Research
- Dr Grahame Pollock, Lions Eye Donation Service
- Associate Professor Ian Trounce, Mitochondria and Neurodegeneration
- Dr Peter van Wijngaarden, CERA Deputy Director and Principal Investigator Diabetic Retinopathy and Neuroglial Interactions
- Dr Raymond Wong, Cellular Reprogramming

In 2018 CERA continued to deliver world-class science. The Bionic Eye Project, in partnership with Bionic Vision Technologies, successfully restored a sense of sight in four participants who are now trailing the device at home.

Research into artificial intelligence to detect blinding eye diseases, and hyperspectral imaging to identify people at early risk of Alzheimer's disease gained momentum.

The LEAD nano-second laser study showed promising signs in halting the progression of vision loss in some patients with early stage age-related macular degeneration.

Beyond the lab, CERA's advocacy for national eye health screening program for the 1.3 million Australians with diabetes led to Commonwealth Government committing funds to the KeepSight program.

2018 was also a year of renewal with Professor Jonathan Crowston stepping down as CERA's long-standing Managing Director and the appointment of Professor Keith Martin. Professor Martin is a world-leading glaucoma researcher and clinician-scientist from the University of Cambridge.

### 3. Other items

#### *Significant changes in state of affairs*

There have been no significant changes in the state of affairs of the Entities during the year.

#### *Matters or circumstances arising after the end of the year*

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

#### *Environmental matters*

The Entities operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.



## Directors' Report

### 31 December 2018

#### *Meetings of directors for Centre for Eye Research Australia Limited*

During the financial year ended 31 December 2018, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Board of Directors		Finance and Risk Committee		Nominations and Appointments Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr S Brewin	4	4	--	--	--	--
Mr A Cowlshaw	4	2	6	6	--	--
Prof J Crowston	2	2	3	3	2	2
Prof A Cuthbertson	4	4	--	--	--	--
Ms C Edwards	4	4	--	--	--	--
Ms O Hilton	4	4	5	4	4	4
Mr P Larsen	4	4	6	5	--	--
Prof G McColl	1	1	--	--	1	1
Ms W Miller	4	3	6	5	--	--
A/Prof P van Wijngaarden	2	2	3	3	2	2

#### *Meetings of directors for Centre for Eye Research Australia Foundation Ltd*

During the financial year ended 31 December 2018, two meetings of directors were held. Attendances by each director during the year were as follows:

	Board of Directors	
	Number eligible to attend	Number attended
Ms O Hilton	2	2
Ms C Edwards	2	2
Ms W Miller	2	2
Prof J Crowston	1	1

#### *Indemnification and insurance of officers and directors*

During or since the financial year, CERA has paid premiums to insure directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director and officer of CERA other than conduct involving a wilful breach of duty in relation to the organisation.

## Directors' Report

### 31 December 2018

#### ***Auditor's independence declaration***

The lead auditor's independence declaration in accordance with Subsection 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* for the year ended 31 December 2018 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated this 16<sup>th</sup> day of APRIL 2019

# MOORE STEPHENS

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Moore Stephens Audit (Vic)

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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES  
AND NOT-FOR-PROFITS COMMISSION ACT 2012  
TO THE MEMBERS OF CENTRE FOR EYE RESEARCH AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.



**MOORE STEPHENS AUDIT (VIC)**  
ABN 16 847 721 257



**GEORGE S. DAKIS**  
**Partner**  
**Audit & Assurance Services**

Melbourne, Victoria

16 April 2019



**Centre for Eye Research Australia Limited and its controlled entity**

ABN: 72 076 481 984

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2018**

		2018	2017
	Note	\$	\$
Revenue	4(a) 18	16,357,177	17,666,458
Other income	4(b)	427,594	1,948,525
Gain on restructuring		-	11,167,412
Employee costs - salaried staff		(10,134,148)	(10,446,954)
Travel & Promotional expenses		(446,411)	(538,791)
Depreciation and amortisation expense		(500,559)	(718,221)
Consulting & Contractors		(2,424,328)	(2,086,919)
Other expenses		(2,262,849)	(2,878,426)
Finance costs		(140,781)	(100,319)
<b>Profit before income tax</b>		<b>875,695</b>	<b>14,012,765</b>
Income tax expense		-	-
<b>Profit for the year</b>		<b>875,695</b>	<b>14,012,765</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Total comprehensive income for the year</b>		<b>875,695</b>	<b>14,012,765</b>

The accompanying notes form part of these financial statements.

# Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

## Statement of Financial Position As At 31 December 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,739,925	1,468,000
Trade and other receivables	6	726,523	1,272,667
Other assets	9	52,541	37,430
<b>TOTAL CURRENT ASSETS</b>		<b>3,518,989</b>	<b>2,778,097</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	7	21,589,851	22,255,981
Investments accounted for under the equity method	8	-	-
Property, plant and equipment	10	850,367	1,104,664
<b>TOTAL NON-CURRENT ASSETS</b>		<b>22,440,218</b>	<b>23,360,645</b>
<b>TOTAL ASSETS</b>		<b>25,959,207</b>	<b>26,138,742</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	3,138,461	3,414,203
Provisions	12	1,132,680	1,249,647
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,271,141</b>	<b>4,663,850</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	177,629	138,623
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>177,629</b>	<b>138,623</b>
<b>TOTAL LIABILITIES</b>		<b>4,448,770</b>	<b>4,802,473</b>
<b>NET ASSETS</b>		<b>21,510,437</b>	<b>21,336,269</b>
<b>EQUITY</b>			
Contributed equity		100	100
Reserves	13	8,325,473	9,164,144
Retained earnings		13,184,864	12,172,025
<b>TOTAL EQUITY</b>		<b>21,510,437</b>	<b>21,336,269</b>

The accompanying notes form part of these financial statements.

# Centre for Eye Research Australia and its controlled entity

ABN: 72 076 481 984

## Statement of Changes in Equity For the Year Ended 31 December 2018

2018

	Note	Contributed Equity \$	Retained Earnings \$	Research Reserve \$	Research Support / Central Reserve \$	Strategic Funding Reserve \$	Innovation Fund Reserve \$	General Reserve \$	Total \$
Balance at 1 January 2018		100	12,172,025	4,248,951	153,430	390,052	3,454,645	917,066	21,336,269
Profit for the year		-	875,695	-	-	-	-	-	875,695
Prior period adjustment		-	-	-	-	-	-	(706,528)	(701,527)
Transfers to and from		-	137,144	-	-	-	(132,143)	-	-
Balance at 31 December 2018		100	13,184,864	4,248,951	153,430	390,052	3,322,502	210,538	21,510,437

2017

	Note	Contributed equity \$	Retained Earnings \$	Research Reserve \$	Research Support / Central Reserve \$	Strategic Funding Reserve \$	Innovation Fund Reserve \$	General Reserve \$	Total \$
Balance at 1 January 2017		-	1,119,497	5,286,841	-	-	-	-	6,406,338
Profit for the year		-	14,012,765	-	-	-	-	-	14,012,765
Reclassification		-	-	-	-	-	-	912,065	912,065
Settlement of Trust	100	-	-	-	-	-	-	-	100
Contribution of Trustee		-	-	-	-	-	-	5,001	5,001
Transfer to and from		-	(2,960,237)	(1,037,890)	153,430	390,052	3,454,645	-	-
Balance at 31 December 2017		100	12,172,025	4,248,951	153,430	390,052	3,454,645	917,066	21,336,269

The accompanying notes form part of these financial statements.

## Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

### Statement of Cash Flows

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		17,677,746	21,952,634
Payments to suppliers and employees		(16,977,460)	(19,068,666)
Dividends received		-	453,923
Interest received		32,675	28,505
Finance costs		(18,810)	(14,431)
Net cash provided by/(used in) operating activities	23	714,151	3,351,965
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from investments		891,461	(3,664,162)
Payments for Investments		(100,000)	-
Proceeds from disposal of property, plant and equipment		9,616	-
Purchase of property, plant and equipment		(243,303)	(212,083)
Proceeds from restructure		-	5,100
Net cash provided by/(used in) investing activities		557,774	(3,871,145)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net increase/(decrease) in cash and cash equivalents held		1,271,925	(519,180)
Cash and cash equivalents at beginning of year		1,468,000	1,987,180
Cash and cash equivalents at end of financial year	5	2,739,925	1,468,000

The accompanying notes form part of these financial statements.

# Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

The financial report covers Centre for Eye Research Australia Limited ("the Company") and its controlled entity (collectively known as 'the Group'). Centre for Eye Research Australia is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 16 April 2019.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### 2 Summary of Significant Accounting Policies

##### (a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 15 to the financial statements.

On 1 January 2017, The Eye Research Australia Foundation and Lloyd & Kathleen Ansell Ophthalmology Foundation were wound up and amalgamated into one entity being the Centre for Eye Research Australia Foundation (CERAF). The net assets of both the Foundations were transferred across as at 1 January 2017 and as a result, a gain on restructuring was recognised in 2017.

##### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

##### *Associates*

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.



## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(b) Revenue and other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

##### **Grant revenue**

Grant revenue is recognised in the Statement of Profit or Loss and other comprehensive income when the Group 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.

When grant revenue is received whereby the Group 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 (income received in advance) until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Income received in advance represents the unexpected portion of grants received prior to 31 December 2018, to be expended in 2019. These grants have not been brought to account as income in the year of receipt, as there exists an obligation to repay these grants if they are not fully expended.

##### **Donations**

Donations and bequests are recognised as revenue when received.

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Dividend revenue**

Dividends are recognised when the Group's right to receive payment is established.

##### **Other income**

Other income is recognised on an accruals basis when the Group is entitled to it.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(c) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST

Cash flows in the Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **(d) Fair value of assets and liabilities**

CERA measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price CERA would receive to sell an asset or would pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to CERA at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participants ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

#### **(e) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment. Where the cost model is used, the asset is carried at its 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.

##### **Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use. Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Useful life</b>
Plant and Equipment	5 years
Computer Equipment	3 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **(f) Financial instruments**

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets

##### **Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(f) Financial Instruments**

###### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information. The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

###### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default. The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

###### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### **Financial liabilities**

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables and finance lease liabilities.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(g) Impairment of assets**

At the end of each reporting period, The Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing then recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*).

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

#### **(h) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### **(i) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

#### **(j) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **(k) Income tax and other taxes**

The company and its controlled entity are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

An application for exemption from payroll tax has been approved by the Victorian State Revenue Office, therefore no payroll tax provision is required.

#### **(l) Leases**

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.



## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(m) Share capital**

The company is limited by guarantee. Upon the Company being wound up, the constitution requires each member to contribute to the assets of the Company (up to an amount not exceeding \$100) for payments of the debts and liabilities of the Company. At 31 December 2018 the number of members was eight. .

##### **(n) Recognition of In-kind resources**

In-kind contributions related to accommodation and utility services from the Royal Victorian Eye and Ear Hospital (RVEEH) and in turn provides research services to the RVEEH.

CERA chooses to not recognise the fair value of in-kind contributions received.

##### **(o) New accounting standards for application in future periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

AASB 1058: Income of Not-for Profit Entities (applicable to annual reporting periods commencing on or after 1 January 2019)

Under the new income recognition model, a Not-for-profit (NFP) first considers whether AASB 15 Revenue from Contracts with Customers applies to a transaction or part of a transaction. In order for AASB 15 to apply to a transaction, the performance obligation(s) arising from the transaction needs to be 'sufficiently specific' and 'enforceable'. Where AASB 15 does apply to a transaction or part of a transaction, the NFP applies the general AASB 15 principles to determine the appropriate revenue recognition. When AASB 15 does not apply to a transaction or part of a transaction, the NFP then considers whether AASB 1058 applies. AASB 1058 will apply when a NFP:

- enters into a transaction where the consideration to acquire an asset is significantly less than fair value principally to enable the NFP to further its objectives; and
- receives volunteer services (recognition of volunteer services is only mandatory to entities in the public sector).

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

*AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **2 Summary of Significant Accounting Policies**

##### **(o) New accounting standards for application in future periods**

- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

#### **3 Critical Accounting Estimates and Judgements**

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### **Key judgement - Investment in associate**

Included in the Statement of Financial Position and note 8 is an investment in a company called CERA Technologies Pty Ltd for an amount of \$0 (2017:\$ nil). CERA Technologies Pty Ltd is a software development company of which the Group owns 25% of its shares and was a founding shareholder. CERA Technologies Pty Ltd is currently within the commercialisation phase which attracts and element of uncertainty and risk to the operations of the Group.

##### **Key judgements - Financial assets**

The Group maintains a portfolio of securities with a carrying value of \$21,571,499 at the end of the reporting period. The value of the financial assets are dependent on the market forces and conditions. The Directors believe that the changes in market forces would not hinder the Group from achieving its investment objective that is to generate total returns exceeding the outgoings of the fund and to maintain the real capital value of the fund over the medium to long term.

##### **Key judgement - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

# Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 4 Revenue and Other Income

#### (a) Revenue from continuing operations

	2018 \$	2017 \$
<b>Federal Government</b>		
- National Health Medical Research Council (NHMRC)	2,031,211	2,836,411
- Department of Industry, Innovation and Science	87,450	-
<b>Total Federal Government</b>	<b>2,118,661</b>	<b>2,836,411</b>
<b>State Government</b>		
- Victorian Government - Operational Infrastructure Support	1,199,059	1,282,524
<b>Total State Government grants</b>	<b>1,199,059</b>	<b>1,282,524</b>
 - Interest received	 32,675	 25,432
<b>Clinical Trials, donations, sponsorships, interest and other income</b>		
- Clinical trials	2,024,285	2,150,260
- Donations/sponsorships (including overseas sources)	4,183,570	3,573,514
- Research foundations	2,046,102	2,078,854
- Innovation fund	-	3,454,648
- Non-Government grants	139,767	214,429
- Royalties	157,614	179,703
- Other	4,455,444	1,870,683
	<b>13,006,782</b>	<b>13,522,091</b>
<b>Total Revenue</b>	<b>16,357,177</b>	<b>17,666,458</b>

#### (b) Other Income

	2018 \$	2017 \$
<b>Other Income</b>		
- Investment income	1,114,119	699,363
- Realised gains / (loss) on financial assets	(326,428)	(692)
- Unrealised gain / (loss) on financial assets	(560,430)	1,030,300
- Franking credits	187,758	219,410
- Dividend income	-	144
- gain on disposal of assets	12,575	-
<b>Total other income</b>	<b>427,594</b>	<b>1,948,525</b>

### 5 Cash and Cash Equivalents

	2018 \$	2017 \$
Cash at bank and in hand	2,739,925	1,468,000
	<b>2,739,925</b>	<b>1,468,000</b>

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and money market investments readily convertible to cash within two working days.

## Centre for Eye Research Australia Limited and its controlled entity

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### Notes to the Financial Statements For the Year Ended 31 December 2018

#### 6 Trade and Other Receivables

	2018	2017
	\$	\$
Trade receivables	406,657	923,728
Provision for impairment	-	(496,425)
	<u>406,657</u>	<u>427,303</u>
Accrued income	140,899	633,876
Other receivables	178,967	211,488
<b>Total trade and other receivables</b>	<u><b>726,523</b></u>	<u><b>1,272,667</b></u>

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.

#### 7 Financial Assets

Financial assets at fair value through profit or loss

	2018	2017
	\$	\$
Financial assets at fair value through profit and loss	21,571,499	22,237,732
Other financial assets	18,352	18,249
	<u>21,589,851</u>	<u>22,255,981</u>
<b>Total</b>	<u><b>21,589,851</b></u>	<u><b>22,255,981</b></u>

Financial assets at fair value through profit or loss are shares held for trading for the purpose of short-term profit taking. Changes in fair value are included in the Statement of Profit or Loss and other comprehensive income

## Centre for Eye Research Australia Limited and its controlled entity

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### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### 8 Interests in Associates

Associate:	Place of incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2018	2017
CERA Technologies Pty Ltd	East Melbourne	25	42

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all associates.

##### CERA Technologies Pty Ltd

CERA Technologies is a software development company of which The Group owns 25% of its shares. CERA Technologies Pty Ltd is a private entity that is not listed on any public exchange and therefore no quoted market prices are available for its shares. The Group's interest in CERA Technologies Pty Ltd is accounted for using the equity method in the financial statements.

As at 31 December 2018, the Group's interest in CERA Technologies Pty Ltd was \$0 (2017: \$ nil) which has taken into account the Group's share of net loss in CERA Technologies Pty Ltd of \$173,055 for the year ended 31 December 2018 (2017: \$570,463) as disclosed above. As the investment amount was less than the loss for CERA Technologies Pty Ltd in the current year, a further loss of \$173,055 has not been recognised.

The associate had no contingent liabilities or capital commitments as at 31 December 2018 (2017: nil) to which The Group has provided any guarantees.

#### 9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	52,541	37,430
<b>Total other assets</b>	<b>52,541</b>	<b>37,430</b>



# Centre for Eye Research Australia Limited and its controlled entity

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## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 10 Property, plant and equipment

	2018	2017
	\$	\$
LEASEHOLD IMPROVEMENTS		
At cost	3,230,076	3,230,076
Accumulated depreciation	(3,216,888)	(3,216,888)
Total leasehold improvements	13,188	13,188
FURNITURE AND FITTINGS		
At cost	214,541	214,541
Accumulated depreciation	(141,683)	(101,197)
Total furniture and fittings	72,858	113,344
MEDICAL EQUIPMENT		
At cost	3,797,952	3,686,436
Accumulated depreciation	(3,243,929)	(2,898,529)
Total medical equipment	554,023	787,907
MOTOR VEHICLES		
At cost	29,114	40,431
Accumulated Depreciation	(1,627)	(22,553)
Total motor vehicles	27,487	17,878
COMPUTER EQUIPMENT		
At cost	641,125	522,999
Accumulated depreciation	(497,000)	(414,876)
Total computer equipment	144,125	108,123
COMPUTER SOFTWARE		
At cost	374,341	374,341
Accumulated depreciation	(335,655)	(310,117)
Total computer software	38,686	64,224
<b>Total property, plant and equipment</b>	<b>850,367</b>	<b>1,104,664</b>

## Centre for Eye Research Australia Limited and its controlled entity

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### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold improvements	Furniture and Fittings	Medical Equipment	Motor Vehicles	Computer Equipment	Computer Software	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 31 December 2018</b>							
Balance at the beginning of year	13,188	113,344	787,907	17,878	108,123	64,224	1,104,664
Additions	-	-	111,517	29,114	118,126	-	258,757
Disposals	-	-	-	(12,495)	-	-	(12,495)
Depreciation expense	-	(40,486)	(345,401)	(7,010)	(82,124)	(25,538)	(500,559)
<b>Balance at the end of the year</b>	<b>13,188</b>	<b>72,858</b>	<b>554,023</b>	<b>27,487</b>	<b>144,125</b>	<b>38,686</b>	<b>850,367</b>

	Leasehold improvements	Furniture and Fittings	Medical Equipment	Motor Vehicles	Computer Equipment	Computer Software	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 31 December 2017</b>							
Balance at the beginning of year	153,976	142,614	1,003,028	25,965	200,100	90,246	1,615,929
Additions	-	10,786	216,937	-	9,661	-	237,384
Disposals	-	-	(30,428)	-	-	-	(30,428)
Depreciation expense	(140,788)	(40,056)	(401,630)	(8,087)	(101,638)	(26,022)	(718,221)
<b>Balance at the end of the year</b>	<b>13,188</b>	<b>113,344</b>	<b>787,907</b>	<b>17,878</b>	<b>108,123</b>	<b>64,224</b>	<b>1,104,664</b>

#### 11 Trade and Other Payables

	Note	2018 \$	2017 \$
Trade payables		2,473,114	1,534,327
Accrued expenses		273,130	265,845
Income received in advance		392,217	1,614,031
		<b>3,138,461</b>	<b>3,414,203</b>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 12 Provisions

	2018	2017
	\$	\$
<b>CURRENT</b>		
Provision for Long Service Leave	601,466	689,376
Provision for Annual Leave	431,214	460,271
Provision for Make-Good	100,000	100,000
	<u>1,132,680</u>	<u>1,249,647</u>
	2018	2017
	\$	\$
<b>NON-CURRENT</b>		
Provision for Long Service Leave	177,629	138,623
	<u>177,629</u>	<u>138,623</u>

#### 13 Reserves

	2018	2017
	\$	\$
<b>Research Units Reserve</b>		
Opening balance	4,248,951	5,286,841
Transfers in	-	-
Transfers out	-	(1,037,890)
	<u>4,248,951</u>	<u>4,248,951</u>
<b>Research Support / Central Reserve</b>		
Opening balance	153,430	-
Transfers in	-	153,430
Transfers out	-	-
	<u>153,430</u>	<u>153,430</u>
<b>Strategic Funding Reserve</b>		
Opening balance	390,052	-
Transfers in	-	390,052
Transfers out	-	-
	<u>390,052</u>	<u>390,052</u>
<b>Innovation Fund Reserve</b>		
Opening balance	3,454,645	-
Transfers in	-	3,454,645
Transfers out	(132,143)	-
	<u>3,322,502</u>	<u>3,454,645</u>
<b>General Reserve</b>		
Opening balance	917,066	-
Transfers in	-	917,066
Transfers out	(706,528)	-
	<u>210,538</u>	<u>917,066</u>
<b>Total</b>	<u>8,325,473</u>	<u>9,164,144</u>

## Centre for Eye Research Australia Limited and its controlled entity

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### Notes to the Financial Statements

For the Year Ended 31 December 2018

**(a) Research Unit Reserve**

The research units reserve records the total carried forward funds of the research units available for future research.

**(b) Research Support / Central Reserve**

The research support / central reserve records the funds set aside for active funding of The Group's central corporate services requirements in the future.

**(c) Strategic Funding Reserve**

The strategic funding reserve records funds available for The Group's future strategic purposes and projects.

**(d) Innovation Fund Reserve**

The Innovation fund reserve will support research that has the potential to build pipeline of projects with commercial potential. This will support the Group's innovation agenda and build the organisations capability in this critical area.

**(e) General Reserve**

The general reserve records the unallocated reserves of The Group.

#### 14 Leasing Commitments

**(a) Operating leases**

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	60,362	312,188
- between one year and five years	42,584	-
- later than five years	25,741	-
	<u>128,687</u>	<u>312,188</u>

Operating leases are in place for IT equipment and normally have a term between 3 and 5. Lease payments are increased on an annual basis to reflect market rentals.

#### 15 Controlled entities

Composition of the Group

Principal place of business

**Subsidiaries:**

Centre for Eye Research Australia Foundation

East Melbourne

On 1 January 2017, the Eye Research Australia Foundation and Lloyd and Kathleen Ophthalmology Foundation were wound up and amalgamated into one entity, being the Centre for Eye Research Australia Foundation (CERAF). At the same time, CERAF restructured and became controlled by Centre for Eye Research Australia Limited.

## Centre for Eye Research Australia Limited and its controlled entity

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## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 16 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, and investments, accounts receivable and payable.

The total for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows.

	2018	2017
	\$	\$
Cash and cash equivalents	2,739,925	1,468,000
Trade and other receivables	726,523	1,272,667
Financial assets at fair value through profit and loss	21,571,499	22,237,732
Other financial assets	18,352	18,249
<b>Total financial assets</b>	<b>25,056,299</b>	<b>24,996,648</b>
Trade and other payables	3,138,461	3,414,203
<b>Total financial liabilities</b>	<b>3,138,461</b>	<b>3,414,203</b>

#### 17 Members' Guarantee

Centre for Eye Research Australia Limited is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If Centre for Eye Research Australia Limited is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstandings and obligations. At 31 December 2018 the number of members was 8 (2017: 10).

#### 18 Change in Accounting Policy

The Group has previously recognised in-kind expense for the fair value of accommodation and utility services provided by the Royal Victorian Eye and Ear Hospital (RVEEH) which is not charged to the Group. The Group has also previously recognised in-kind income at an equivalent amount.

In 2018 an election was made to no longer recognise in-kind income or expense from the RVEEH.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 December 2018 is as follows:

	Previously stated	Adjustments	Restated
	\$	\$	\$
<b>Statement of Profit or Loss and Other Comprehensive Income</b>			
Revenue	18,529,297	(862,839)	17,666,458
RVEEH in-kind expense	(862,839)	862,839	-

#### 19 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the company and the Group is \$ 473,452 (2017: \$ 470,428)

## Centre for Eye Research Australia Limited and its controlled entity

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## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 20 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis.

#### - Financial assets

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1	Level 2	Level 3	Total
31 December 2018	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
JBWere managed securities	14,539,645	-	-	14,539,645
Equity Trustees	7,031,854	-	-	7,031,854
Other Financial Assets		18,352	-	18,352

	Level 1	Level 2	Level 3	Total
31 December 2017	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
JBWere managed securities	15,035,700	-	-	15,035,700
Equity Trustees managed securities	7,202,032	-	-	7,202,032
Other financial assets		18,249	-	18,249

### 21 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 31 December 2018 (31 December 2017: None).

## Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

### Notes to the Financial Statements

#### For the Year Ended 31 December 2018

#### 22 Related Parties

##### (a) Transactions with related parties

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

The following transactions occurred with related parties:

Professor J Crowston received a salary supplement of \$114,592 (2017: \$223,108) during the period. No other Director, during or since the end of the financial year, received or has become entitled to receive a benefit.

##### (b) Balances with Related Parties

The Group has outstanding balances at 31 December 2018 with related entities as follows:

	2018	2017
	\$	\$
Amount payable to University of Melbourne	(2,099,031)	(885,511)
Amount receivable from University of Melbourne	95,410	88,389
<b>Total</b>	<b>(2,003,621)</b>	<b>(797,122)</b>

##### University of Melbourne (UoM)

The amount payable to UoM includes payments for provision of services and salary funds for which the UoM have incurred costs, or made payments, on behalf of the Group.

CERA recovered \$193,754 (2017: \$96,020) from UoM during the year in relation to salaries and wages paid by the CERA for CERA employees who were allocated to work on UoM projects.

CERA paid \$863,976 (2017: \$841,444) in salaries and wages (inclusive of superannuation) during the year to UoM employees. These UoM employees were engaged to work on CERA projects and CERA was therefore recharged for their services.

##### Royal Victorian Eye and Ear Hospital (RVEEH)

The Royal Victorian Eye and Ear Hospital provides working space and clinical facilities to CERA under an occupancy agreement.

CERA provides support and resources to the RVEEH in its role as an international leader in ophthalmology teaching and research.

##### CERA Technologies

CERA provided CERA Technologies, an associate, with a loan of \$100,000 on 16 May 2018. The loan was subsequently converted to equity in CERA technologies on 27 July 2018, in accordance with a clause in the loan agreement.

There were no other related party transactions between CERA and its related entities during the year

## Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### 23 Cash Flow Information

Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:	2018
	\$
Profit/(Loss) for the year	875,695
Cash flows excluded from profit attributable to operating activities	
Non-cash flows in profit:	
- (profit)/loss on disposal of plant and equipment	(12,575)
- realised (gain)/loss	326,428
- unrealised (gain)/loss	560,430
- net gain in transfer of net assets from ERAF and Ansell	-
- Investment income	(1,114,119)
- Loss on share of associate	101,930
Changes in assets and liabilities:	
- (increase)/decrease in trade and other receivables	546,144
- (increase)/decrease in other assets	(15,111)
- (increase)/decrease in trade and other payables	244,545
- (increase)/decrease in income received in advance	(1,221,814)
- increase/(decrease) in provisions	(77,961)
Cash flows from operations	<u>714,151</u>

#### 24 Events after the end of the Reporting Period

The financial report was authorised for issue on 16 April 2019 by the Board of Directors.

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

#### 25 Superannuation Commitments

The group contributes 9.5% and 17% of employee salaries to the Superannuation scheme for Australian Universities, depending on the terms of the employment contract.

The amount recognised as an expense for the year ended 31 December 2018 was \$801,123 (2017: \$822,968)

#### 26 Statutory Information

The registered office and principal place of business of the Group is:

Centre for Eye Research Australia

Level 7

32 Gisborne Street

East Melbourne Victoria 3002

Employee numbers (headcount): 120 (2017: 124)



## Centre for Eye Research Australia Limited and its controlled entity

ABN: 72 076 481 984

### Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 30, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the company and consolidated group.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ..... 

Director ..... 

Dated 16<sup>th</sup> APRIL, 2019

Moore Stephens Audit (Vic)

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CENTRE FOR EYE RESEARCH AUSTRALIA LIMITED AND ITS CONTROLLED ENTITY

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the accompanying financial report of Centre for Eye Research Australia Limited and its controlled entity (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the responsible entities directors' declaration.

In our opinion the financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (The ACNC Act), including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of their performance for the year ended on that date; and
- b) 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 Group 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.

##### Responsibilities of Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

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

## 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.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



**MOORE STEPHENS AUDIT (VIC)**  
ABN 16 847 721 257



**GEORGE S. DAKIS**  
Partner  
Audit & Assurance Services

Melbourne, Victoria

16 April 2019