



2013 Annual Report

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This document is available in electronic format at www.pafoundation.org.au

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If you have difficulty in understanding this report, please contact the PA Research Foundation on 07 3176 7301 and we will arrange to have it translated.

Open Data – Information relating to consultancies and overseas travel has been published on the Queensland Government Open Data website (qld.gov.au/data)

Compliance Letter

11 September 2013

The Honourable Lawrence Springborg MP
Minister for Health
GPO Box 48
Brisbane Qld 4001

Dear Minister Springborg,

I am pleased to present the Annual Report 2012-2013 and financial statements for the PA Research Foundation.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

Yours sincerely



Robert Bowen
Chairman

Glossary

Term	Definition
Foundation	PA Research Foundation
Vision	Statement by the Foundation as to how it wishes to be perceived by clients, stakeholders and the community
Mission	The statement that drives us to achieve the vision
Strategic Objective	Agreed main theme to inform all action: from Board to operational levels
Strategic Goal	Specific metric for achievement
KPI	Specific metric for achievement of target

Research for Life

Vision	Better health for all and a community free from diseases
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Mission	To raise funds to bring medical research to life in order to prevent and cure disease at Australia's leading translational research precinct – birthplace of the world's first ever cancer vaccine
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The PA Research Foundation raises funds for groundbreaking, lifesaving research—to develop better diagnoses, treatments and preventions for some of Australia's biggest health challenges. This research reduces human suffering and enhances quality of life; it reduces the burden on already stretched health care budgets, and fosters Australian ingenuity and industry.

The Foundation was established in 1984 under the Hospital Foundation Act 1982. Each year provides the Foundation with new opportunities to fund exceptional research projects proposed by the many talented and dedicated clinicians, scientists, nursing and allied health professionals on the Princess Alexandra Hospital campus.

Funds directly benefit the PA's groundbreaking research projects in areas such as cervical cancer, prostate cancer, skin cancer, leukaemia, breast cancer, heart disease, immunology, kidney disease, diabetes, liver disease, transplantation and arthritis. All research funded by the Foundation goes through a rigorous selection process to ensure it is of genuine scientific merit, and does not replicate any other research anywhere in the world. All funds raised therefore contribute to the highest calibre research, to tackle some of the most challenging health problems facing us as a nation.

Thanks to the donations of PA Hospital patients, staff, individuals, families, communities and businesses—millions of dollars have been raised—this research has improved the lives of literally millions of people around the world.

The PA Research Foundation would like to take this opportunity to thank the PA Hospital for their ongoing support and commitment to the Foundation. We look forward to working with you further in the future, as we continue to foster amazing medical discoveries.

CHAIRMANS REPORT

The PA Research Foundation was established nearly thirty years ago to raise funds to support the Princess Alexandra Hospital. The foundation raises funds for health and medical research carried out on the PA Hospital campus.

This financial year the Foundation raised over \$3.1million, a 66% increase on the 2011-12 year. The majority of this increase can be attributed to a significant increase in revenue from our bequest and donation programs and further growth in our feature event The Great Brisbane Duck Race.

Once again our Men's Health Initiative reached a new high. The Spirit Hotel Group and Triple M radio were joined by the Nine network to increase fundraising to over \$110,000 and gain an increase in awareness through a live radio broadcast and television coverage by Nine's Today Show.


The Foundation's endowment campaign continued to gain momentum with just over \$2million pledged towards our target of \$5.5 million. The Centre for Health and Medical Discoveries endowment will enable the Foundation to provide sustainable funding for medical discoveries into the future.

The PA Research Support Scheme has committed over \$1.7 million to new research, including grants of \$1 million from the hospital's Private Practice Trust Fund and \$700,000 from the Foundation. Past researchers funded by the Foundation have continued to see their projects approved for ongoing NHMRC and ARC research grants confirming our position as a vital support mechanism for promising early stage medical research.

To each of our donors, thank you for your continued contribution to the great work and achievements of our research community. To our growing team of corporate partners and sponsors, thank you on behalf of the Foundation for your participation in our community fundraising activities.

In conclusion, I would like to thank our dedicated staff in the Foundation office and my fellow Board members for their time, dedication and guidance throughout the year.

With your support, I look forward to further growth of the Foundation's activities to continue life saving health and medical research and improve the health of our community.



Robert Bowen
Chairman

Our Board

Name	Position	Appointed Until
Mr Robert Bowen	Chairman	21 May 2014
Mr Bill Deutrom	Deputy Chairman	12 October 2015
Mr Terry White OAM		12 October 2015
Dr Richard Ashby AM		21 May 2014
Mr Richard Bowly		12 October 2015
Mr Cameron Buchanan	Chair - Finance and Risk Committee	21 May 2014
Prof David Thiele AO		21 May 2014
Mr Robert Vines		21 May 2014
Mr Andrew Griffiths	Chair - Marketing and Fundraising Committee	12 October 2015
Ms Karina Collins		12 October 2015
Prof. Ken Ho	Chair – Research Committee	12 October 2015
Honorary Solicitor Board Secretary	Mr Michael Back Ms Narelle Smith	

Foundation Staff

Damian Topp	Chief Executive Officer
Simone Plunkett	Fundraising and Marketing Director
Jenny Cotter	Office Manager
Kerstin Petrick	Accounts Manager
Kylie Hay	Marketing and Communications Coordinator (Part Time)
Emily Harrington	Digital Fundraising Coordinator
Jason Castle	Events Coordinator
Matthew Sheahan	Corporate Partnership Specialist

Corporate Governance

The PA Research Foundation is a statutory body incorporated under the *Hospital Foundations Act 1982* (QLD). As a statutory body the Foundation is subject to the provisions of the *Financial Accountability Act 2009* (QLD). The Foundation is audited annually by external auditors representing the Queensland Audit Office and the Auditor General.

The Foundation is endorsed by the Australian Taxation Office as an Income Tax Exempt Charity (ITEC) and is a Deductible Gift Recipient (DGR) under the *Income Tax Assessment Act 1997* (Cth). It is endorsed for GST concessions under *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and it is exempted under the *Fringe Benefits Tax Assessment Act 1986* (Cth).

The Role of the Board

The Board and management have been entrusted with the responsibility of ensuring that monies provided by donors, sponsors and the general public are effectively and efficiently managed. Board members serve in a voluntary capacity and therefore receive no fees for their services on the Board or Committees. Board meetings are held four (4) times per year.

- Maintaining high levels of accountability to our stakeholders and external regulators and ensuring the Foundation acts legally, ethically, responsibly and openly
- Monitoring the performance of the CEO
- Raising organisational awareness of the external environment
- Ensuring compliance with statutory, financial, social and corporate governance responsibilities
- Providing strategic direction and developing, examining and approving strategies, policies, plans and budgets
- Monitoring risk and ensuring the presence of adequate risk management controls and reporting procedures

Sub-committees

Finance and Risk Committee

This committee meets two (2) weeks prior to each board meeting. The objectives of the committee are:

- Ensuring that the foundation operates to an agreed budget and that all liabilities and financial commitments are brought to account in the relevant year
- Monitor the status of investments
- Ensure there is an adequate internal control system to promote operational efficiency and to minimise financial risk
- Monitor the balance sheet and profit and loss statements quarterly and report to the Board

Marketing Committee

This committee meets every two (2) months to develop existing marketing and fundraising activities, create new opportunities and provide access to networks that will grow the Foundation's recognition and income.

Research Committee

This committee meets prior to the annual call for research grant applications to develop the criteria and categories for the PA Research Support Scheme. It is then convened at regular intervals to assess and recommend grant recipients to the board.

Executive Management

The Board delegates responsibility for implementing strategies approved by the Board and day-to-day management to the Chief Executive Officer, who in turn is accountable to the Board.

Challenges and Opportunities

The constant challenge facing all charities is in maintaining and growing philanthropic support in a depleted market. Without the access to manage the revenue producing assets that other hospital foundation's have it increases the pressure for the Foundation to strive for best fundraising practice.

For the 2013-2014 financial year the focus will be on finalising our endowment campaign to provide a sound future for the organisation and a strong major gift program. To complement this the other opportunity will be in revitalising individual giving by building on our Say Thank You Program and creating donor centric direct mail and digital communication.

Workforce

At the conclusion of the 2013 financial year the Foundation had 7.5 Full Time Equivalent (FTE) employees. The retention rate for the Foundation is 100% with our total FTE remaining unchanged from 30 June 2012. One part time employee left the organisation during the year.

The Foundation invests time in ensuring all employees participate in performance development as part of their KPI's. Annual reviews are held with each employee that identify performance and development gaps and celebrate successes.

Assistance is provided to all employees to provide flexibility for return to work either after maternity/paternity leave or injury. Senior staff participate in planning and development meetings with the CEO on a monthly basis to develop their skills for future leadership.

All employees are engaged through individual agreements that represent conditions either in line with or greater than current industrial relations minimums.

Planning and Performance

The Foundation has a Strategic plan for the period 2012-2017. The plan addresses four key strategic target areas. The strategic plan informs annual operational business planning. A summary of progress against the strategic plan is highlighted on the following page.

PA Research Foundation Strategic Plan 2012 - 2017

Strategic Target Area	Key Strategic Issues		Strategic Targets	Progress
1. Outcomes	1.1 Need to Increase funding for new research	1.1.1	10% increase in research grant allocation per year	\$650,000 was committed to the 2013 Research Grants compared to \$550,000 in 2012. 18% increase
		1.1.2	\$1million committed to grants from 2015	
	1.2 Lack of awareness of PARF supported research	1.2.1	10% increase in grant applications from 2015	
2. Financial Sustainability	2.1 Need to Increase net income	2.1.1	\$2 million net income by 2016	2013 net result before grants \$1.3 million
	2.2 Explore new funding sources	2.2.1	2 new programs and or commercial opportunities established each year	2013 became Dry July beneficiary and implemented endowment campaign
3. Awareness	3.1 Need to Increase Brand Awareness	3.1.1	100% PA Staff recognise PARF by 2014 75% PA patients recognise PARF by 2015	Bench marking to be established by end 2013
	3.2 Grow and Strengthen Partnerships	3.2.1	At least one recognition event held for donors and corporate partners each year	Donor recognition held as part of community forums in March and August each year. Post campaign "thank you" held for Mandate, ALH Breast Cancer and Duck Race sponsors.
4. Systems and Innovation	4.1 Lack of Adequate systems and processes	4.1.1	Bi-Annual review to be conducted of key systems from 2013	Internal review of Information Technology (IT) completed and database and direct mail review to be completed by end of October 2013 Added electronic ticketing for Duck Race tickets in 2012 and automated Duck Race fundraising through Go Fundraise from 2013.
	4.2 Embrace new technologies and innovative thinking	4.2.1	Incorporate at least one new technology that reduces cost and or improves outcomes each year from 2011	
5. Our People	5.1 Recognise, reward and retain quality staff	5.1.1	Annual Performance appraisals in place by 2012	Annual review program established
		5.1.2	100% staff attend at least one training and development activity per year	The 7 full time and 1 part time staff attended a total of 14 development activities.
	5.2 Need to develop opportunities for volunteers	5.2.1	Register of volunteer roles developed and added to from 2012	First roles developed in 2011. Event specific roles added to register in 2012 and 2013

Alignment with Government Objectives for the Community and Government Health Priorities

Through contributing to the achievement of the Government Health Priorities issued June 2012, the Foundation is committed to realising the government's objectives for the community. *Getting Queensland back on track* outlines 5 pledges:

- Grow a four pillar economy
- Lower the cost of living
- Invest in better infrastructure and better planning
- Revitalise front-line services
- Restore accountability in government

The Statement of Government Health Priorities commits the whole of Queensland Health to focus on four priorities for action:

- Revitalising Services for Patients
- Reforming Queensland's Health System
- Focusing Resources on Frontline Services
- Restoring Accountability and Confidence in the Health System

The PA Research Foundation's core goal to fund medical research enables us to contribute to the priority of *Revitalising Patient Services*. The other priority areas are primarily outside of the Foundation's influence.

A broad approach to funding research in clinical practice, allied health and basic science enables projects that influence health practice now and into the future. Recently funded projects demonstrate this commitment.

Through the Partners newsletter and corporate fundraising campaigns, the Foundation provides health information to supporters in addition to promoting and garnering support for health and medical research.

2013 Research Support Scheme

Each year the Foundation invites applications from health researchers on the campus. Applications are assessed by the Research Committee, a team of qualified scientific and medical professionals, and awarded based on merit and funds available. The philosophy of awarding research grants is to:

- Support researchers and projects on the path to securing competitive funding.
- Provide assistance to new researchers in the early stage of their research career and,
- Promote the culture of collaboration and group work which is a major strength of the PA research environment.

Grant Recipients 2013

A total of \$1.7 million in research grants has been awarded to 22 researchers based at the hospital in a broad range of fields.

Congratulations to all researchers who received a grant and we look forward to following your journey to find a cure.

KIDNEY DISEASE

Dr Michael Burke

Nephrology Department

Dr Burke will undertake his PhD studies to understand how different immunosuppressive therapies influence the risk of non melanoma skin cancer (NMSC) in kidney transplant patients with the hope to tailor drug therapy to improve patient outcomes.

Professor David Johnson

Nephrology Department

This study will investigate whether an inflammatory hormone circulating in the bloodstream of dialysis patients, can be used to identify which patients are at risk of premature heart disease. It is hoped that a simple test will eventually allow doctors to identify at-risk dialysis patients and treat them before they develop serious heart disease.

Ms Megan Rossi

Centre for Kidney Research

PhD scholarship will enable Ms Rossi to study the emerging role of key kidney failure toxins as novel risk factors for both cardiovascular disease and chronic kidney disease progression.

Dr Katrina Campbell

Nutrition and Dietetics Department

This research aims to identify a new, low cost, nutrition intervention that could impact on kidney disease outcomes and decrease the heightened cardiovascular disease risk in this population.

HEART DISEASE

Associate Professor Tony Stanton

Cardiology Department

Type 2 diabetes is the fastest growing chronic disease in Australia today and can lead to cardiovascular disease. Associate Professor Tony Stanton will use state-of-the-art cardiac imaging and biochemical techniques to better understand and track disease progression to identify which drugs and therapies are successful in slowing progression leading to better patient outcomes

Dr Arnold Ng

Cardiology Department

In recent years Aortic valve reconstructive surgery has been shown to have benefits for patients over valve replacement. This research will study predictors of successful valve repair, and to potentially improve surgical techniques to maintain long-term successful repair.

Ms Rita Hwang

Physiotherapy Department

This study will test the effectiveness of delivering a real-time, group-based individualised rehabilitation session into the homes of heart failure patients via an internet-based Tele-rehabilitation system with the aim of decreasing hospital readmissions and mortality.

Dr Mathivathana Indrajith

Department of Cardiology

Quantifying the net benefit of early revascularisation strategy in ST elevation myocardial infarct patients by cardiac Magnetic resonance imaging.

CANCER**Associate Professor Jennifer Martin**

Early Career Clinical Fellowship - Division of Medicine

Will test the hypothesis that obese women with breast cancer have increased mortality because their chemotherapy dose is not appropriately adjusted for their increase in mass.

Dr Jeff Grice

Therapeutics Research Centre

Investigating the treatment for surgically inoperable Stage II and III melanoma.

Dr Timothy Warren

Ear Nose and Throat Surgery

Molecular and epidemiological investigation of cutaneous squamous cell carcinoma of the head and neck with perineural invasion.

REHABILITATION**Dr Emma Finch**

Speech Pathology

This research is trialling a program to improve social communication following Traumatic Brain Injury.

Dr Anna Hatton

Physiotherapy Department

Dr Hatton is investigating ways to improve balance control mechanisms in older adults with hip osteoarthritis, with the aim of decreasing the number of injuries as a result of falls.

Ms Freyr Patterson

Occupational Therapy

Use of groups in brain injury rehabilitation: a mixed methods study of group processes and effectiveness.

CHRONIC LIVER DISEASE**Associate Professor Graeme Macdonald**

Gastroenterology and Hepatology Department

This project is investigating the relationships between gut bacteria to the severity of chronic liver disease. The research will hopefully identify therapeutic targets to limit disease progression.

Professor Elizabeth Powell

Gastroenterology and Hepatology Department

Progressive fibrosis as a result of chronic liver disease can lead to cirrhosis, liver failure and liver cancer. This research project will investigate the pathological mechanisms balancing healing and fibrosis, and provide essential knowledge required to develop safe, effective treatments for chronic liver disease.

ENDOCRINOLOGY**Professor Michael Stowasser**

Endocrine and Hypertension Research Centre

Genetic basis of primary aldosteronism as a potentially curable form of hypertension.

Ms Brenda Tai

Clinical Pharmacology Department

This scholarship will help to develop and validate an alternative and more reliable method of detection and diagnosis of primary aldosteronism - the most common type of high blood pressure which is potentially curable, but expensive to treat.

Dr Sandya Jalapu

Department of Endocrinology

Dr Jalapu will research factors enhancing Brown Adipose Tissue (BAT) and its role in obesity.

ASTHMA**Professor John Upham**

Respiratory Medicine

Professor Upham will be researching anti-microbial immunity in poorly controlled asthma: relationships to inflammatory phenotypes and clinical outcomes.

EMERGENCY MEDICINE**Professor Bala Venkatesh**

Intensive Care Unit

Professor Venkatesh and his team will investigate patient safety and the burden and consequences of interruptions in the intensive care unit. This research is likely to provide guidelines for effective interventions which will lead to improved patient safety and decreased health costs.

Chief Executive Officer's Financial Report

The Foundation had very encouraging results it what was considered to be another challenging year for the not for profit industry. Our total revenue of \$3,114,001 was an increase of \$1,240,138 on 2012 and our net result after research expenses was over \$200,000 or 43% increase on last year's \$488,919.

This significant change was primarily due to an increase in bequest income and the commencement of our endowment campaign. Over \$400,000 was received from the first gifts to our \$5.5 million target and \$626,000 in bequest income was received compared with \$151,000 in 2012.

An increase in expenses represents an increased commitment to research of \$134,000 and increase in staff and investing in the establishment of the endowment campaign. The expenses associated with this campaign will reduce from October 2013.

The life saving research we support would not have made it to medical practice if it wasn't for your generous and passionate support. Each year we are overwhelmed by the commitment of our donors who provide the PA Research Foundation with much needed funds to assist our researchers in finding life saving medical breakthroughs.

I would like to extend our thanks to the many dedicated volunteers who have donated their time to support us throughout the year. They have helped us tremendously by assisting in fundraising events, running of the PA Research Foundation's information booth and providing us with general assistance whenever we need it most. We greatly appreciate our volunteer's time and commitment that they have so generously given to us.

Our success is also due to a number of strong corporate partnerships with businesses who share our commitment to making health and medical research possible. Special thanks go to Australian Leisure and Hospitality, Motorama Group, Australian Liquor Marketers, Queensland Hotel Association, Spirit Hotels, Mirvac, Austereo, 4KQ, Network Ten, Quest Community Newspapers, Nine Network, Synergy8, Foyer News, and Regatta Hotel.

On behalf of the Foundation board, the staff and our researchers, we wish to extend our heart felt appreciation to the many people who have made a gift to allow our research to search for life changing medical discoveries.



Damian Topp
Chief Executive Officer

PA Research Foundation
Annual Financial Statements
For the year ending 30 June 2013

PA RESEARCH FOUNDATION

FINANCIAL STATEMENTS 2012-13

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General Information

These financial statements cover the PA Research Foundation (The Foundation).

The PA Research Foundation is established by Order in Council under the *Hospitals Foundations Act 1982* and is a statutory body within the meaning given in the *Financial Accountability Act 2009*.

The principal place of business of the PA Research Foundation is:

Ground Floor, Building 1
Princess Alexandra Hospital
199 Ipswich Road
WOOLLOONGABBA QLD 4102

A description of the nature of the Foundation's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Foundation's financial statements please call (07) 3176-2359, email general@pafoundation.org.au or visit the Foundation's Internet site www.pafoundation.org.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

PA RESEARCH FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
INCOME FROM CONTINUING OPERATIONS			
Bequests and donations		1,438,344	604,692
Functions, special events and other fundraising		1,145,532	853,446
Interest revenue		155,449	166,134
Research grants		129,836	60,000
Other revenue	2	244,840	189,413
Total Revenue		3,114,001	1,873,685
Gains	3	-	178
Total Income from Continuing Operations		3,114,001	1,873,863
EXPENSES FROM CONTINUING OPERATIONS			
Employee expenses	4 & 11	633,595	499,910
Fundraising expenses		844,652	338,505
Administration expenses	5	259,354	161,720
Depreciation		3,396	1,453
Research grants paid		672,805	383,356
Total Expenses from Continuing Operations		2,413,802	1,384,944
Operating Result from Continuing Operations		700,199	488,919
Total Comprehensive Income		700,199	488,919

The accompanying notes form part of these statements.

**PA RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2013

	Notes	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,459,209	883,829
Short term investments		2,382,980	2,264,773
Receivables	7	197,640	85,180
Inventories		22,721	17,191
Total Current Assets		4,062,550	3,250,973
NON CURRENT ASSETS			
Plant and equipment	8	5,718	9,114
Total Non Current Assets		5,718	9,114
TOTAL ASSETS		4,068,268	3,260,087
CURRENT LIABILITIES			
Payables	9	119,251	48,404
Accrued employee benefits	10	40,625	27,785
Total Current Liabilities		159,876	76,189
NON CURRENT LIABILITIES			
Accrued employee benefits	10	24,295	-
Total Non Current Liabilities		24,295	-
TOTAL LIABILITIES		184,171	76,189
NET ASSETS		3,884,097	3,183,898
EQUITY			
Accumulated Surplus		3,884,097	3,183,898
TOTAL EQUITY		3,884,097	3,183,898

The accompanying notes form part of these statements.

PA RESEARCH FOUNDATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus	Total
	\$	\$
Balance as at 1 July 2011	2,694,979	2,694,979
Total comprehensive income	488,919	488,919
	<hr/>	
Balance as at 30 June 2012	3,183,898	3,183,898

	Accumulated Surplus	Total
	\$	\$
Balance as at 1 July 2012	3,183,898	3,183,898
Total comprehensive income	700,199	700,199
	<hr/>	
Balance as at 30 June 2013	3,884,097	3,884,097

The accompanying notes form part of these statements.

PA RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013	2012
		\$	\$
Cash flows from operating activities			
<i>Inflows:</i>			
Receipts from donations, bequests and other fundraising		2,545,003	1,429,168
Interest received		41,592	41,784
Research grants received		129,836	60,000
Other receipts		258,897	194,098
GST input tax credits from ATO		81,150	65,215
GST collected from customers		84,817	47,464
<i>Outflows:</i>			
Supplies and services		(1,038,689)	(489,852)
Employee expenses		(596,460)	(490,589)
Research grants paid		(672,805)	(560,656)
GST paid to suppliers		(174,619)	(88,742)
GST remitted to ATO		(30,377)	(11,932)
Net Cash provided by operating activities	12	628,345	195,958
Cash flows from investing activities			
<i>Inflows:</i>			
Insurance payout for loss of property		-	6,175
<i>Outflows:</i>			
Payments for plant and equipment		-	(9,685)
Deposits in advance		(52,965)	-
Net Cash used in investing activities		(52,965)	(3,510)
Net Increase/(Decrease) in cash and cash equivalents		575,380	192,448
Cash and cash equivalents at beginning of financial year		883,829	691,381
Cash and cash equivalents at end of financial year	6	1,459,209	883,829

The accompanying notes form part of these statements.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Objectives and Principal Activities of the Foundation

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PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE FOUNDATION

The Foundation raises funds through donations, corporate fundraising, bequests and other activities to support health and medical research conducted on the wider Princess Alexandra Hospital Campus. Funding of research projects is made through annual grants and direct project support with the aim of developing better diagnoses, treatments and preventions for some of Australia's biggest health challenges. This research reduces human suffering and enhances quality of life; it reduces the burden on already stretched health care budgets, and fosters Australian ingenuity and industry.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation

The PA Research Foundation has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the PA Research Foundation has applied those requirements applicable to not-for-profit entities, as the PA Research Foundation is a not-for-profit statutory body within the meaning given in the *Financial Accountability Act 2009*. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The Foundation does not control other entities. The financial statements include the value of all revenue, expenses, assets, liabilities and equity for the Foundation as an individual entity.

(c) Revenue

Revenue from fundraising activities, special events, functions and bequests are recognised as income when received. The amount and timing of receipts is dependent on a number of fundraising activities including direct mail donations, personal and corporate donations and special events.

Amounts donated can be recognised as revenue only when the Foundation gains control, economic benefits are probable and the amounts can be measured reliably. At times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the Foundation's financial records. Therefore donations are recognised as revenue when they are recorded in the books and accounts of the Foundation.

Revenue from services rendered is recognised and sale of goods are recognised as other revenue when the revenue has been earned. Interest revenue is recognised on an accruals basis at the interest rate applicable to the financial assets.

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(d) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes term deposits with short periods to maturity (three months or less from date of acquisition) that are readily convertible to cash on hand at the PA Research Foundation's or issuer's option and that are subject to an insignificant risk of changes in value.

(e) Receivables

Trade and other debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. No provision has been made and no bad debts were written off as at 30 June 2013 (2012: nil).

(f) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

(g) Plant & Equipment

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

Plant and equipment is measured at cost in accordance with Queensland Treasury and Trade's Non-Current Asset Policies.

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition.

Depreciation of Plant and Equipment

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the Foundation.

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(g) Plant & Equipment (cont'd)

For each class of depreciable asset the following depreciation rates are used:

Class	Rate %
Plant and equipment:	33.33

Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Foundation determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

(h) Service provided by Princess Alexandra Hospital

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense. No amounts are included in the financial statements for services donated by volunteers.

(i) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(j) Employee Benefits

Salaries and wages, employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(j) Employee Benefits (cont'd)

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave and Long Service Leave

Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave.

Long service leave liabilities are estimated with reference to the minimum period of qualifying service. For employees with less than required period of 5 year of qualifying service, the probability that they will reach the required minimum period of service has been taken into account in estimating the long service leave liability.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Superannuation

The Foundation pays contributions to certain defined contribution superannuation plans. Contributions are expensed in the period in which they are paid or payable.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade.

The key management personnel and remuneration are disclosed in Note 11.

Remuneration of Board Members

No Board Member received or was entitled to receive any fees or other benefits during the year (2012: nil).

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(k) Research Grants Paid

Research grants awarded are expensed in the period in which they are paid or invoiced. Grants approved by the Board which remain unpaid at balance date are recorded as Commitments. Refer also to Note 14 Commitments.

(l) Taxation

The Foundation is a charitable institution exempt from Income Tax.

The Foundation has been endorsed by the Commissioner of Taxation as an income tax exempt charity pursuant under Subdivision 50-B of the Income Tax Assessment Act 1997. The Foundation is exempted from Fringe Benefits Tax under section 123D of the Fringe Benefits Tax Assessment Act 1986.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(n) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement note:

Contingencies – Note 13

(o) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1 unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(p) Issuance of Financial Statements

The financial statements are authorised for issue by the Chief Executive Officer and the Chairman at the date of signing the Management Certificate.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(q) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Foundation becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Short term investments - held at fair value through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The Foundation does not enter into transactions for speculative purposes, or for hedging. Apart from cash and cash equivalents, the Foundation holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Foundation are included in Note 15.

(r) New and Revised Accounting Standards

The Foundation did not voluntarily change any of its accounting policies during 2012-13. Australian Accounting Standard changes applicable for the first time for 2012-13 have had minimal effect on the Foundation's financial statements.

The Foundation is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the Foundation has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Foundation applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the Foundation are that they will change the requirements for the classification, measurement and disclosures associated with the Foundation's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(r) New and Revised Accounting Standards (cont'd)

The Foundation has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Foundation's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Foundation enters into, it is not expected that any of the Foundation's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015-16 financial statements, all of the Foundation's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Note 1(q)).

The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Foundation's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Foundation's activities, or have no material impact on the Foundation.

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
2. OTHER REVENUE		
Paid parental leave funding	-	10,609
Commission vending machines	50,496	54,360
Fee administrating grants	101,000	100,000
Sale of merchandise	35,343	22,744
Fee information sessions	8,001	1,700
Reimbursement of salary	50,000	-
Total	244,840	189,413

3. GAINS

Gain on insurance compensation from loss of property	-	178
Total	-	178

4. EMPLOYEE EXPENSES

Wages and salaries	530,438	414,938
Annual leave expense	37,025	24,773
Employer superannuation contributions	47,928	38,002
Worker's compensation premiums	3,537	2,238
Other employee expenses	14,667	19,959
Total	633,595	499,910

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
5. ADMINISTRATION EXPENSES		
Accounting and audit fees*	9,500	18,350
Bank charges	9,852	7,431
Insurance premiums	5,789	5,632
Minor equipment purchases	3,508	8,629
Information technology expenses	18,345	17,040
Printing & stationery	130,200	86,413
Design costs	16,891	8,921
Research grants expenses	33,685	-
Other administration expenses	31,584	9,304
Total	259,354	161,720

*Total audit fees paid to KPMG relating to the 2012-13 financial statements are estimated to be \$ 9,500 (2012: Queensland Audit Office of \$16,150). There are no non-audit services included in this amount.

6. CASH AND CASH EQUIVALENTS

Cash on hand and at bank	718,580	442,205
At call deposits	740,629	441,624
Total	1,459,209	883,829

7. RECEIVABLES

Interest accrued	39,006	43,357
Security bond	-	1,000
Trade and other debtors	60,964	35,148
Deposits in advance	52,965	1,000
GST receivable	44,705	5,675
Total	197,640	85,180

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
8. PLANT & EQUIPMENT		
At cost	10,189	10,567
Less: Accumulated depreciation	(4,471)	(1,453)
Total	5,718	9,114

	Plant & Equipment		Total	
	2013 \$	2012 \$	2013 \$	2012 \$
Carrying amount at 1 July	9,114	-	9,114	-
Acquisitions	-	9,685	-	9,685
Donations received		6,879		6,879
Depreciation	(3,396)	(1,453)	(3,396)	(1,453)
Disposals	-	(5,997)	-	(5,997)
Carrying amount at 30 June	5,718	9,114	5,718	9,114

	2013 \$	2012 \$
9. PAYABLES		
Trade and other creditors	108,032	28,884
Accruals	11,219	19,520
Total	119,251	48,404

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

10. ACCRUED EMPLOYEE BENEFITS	2013	2012
	\$	\$
Current		
Wages outstanding	11,773	9,357
Annual leave entitlements	28,852	18,428
	40,625	27,785
Non Current		
Long service leave entitlements	24,295	-
	24,295	-
Total		
Number of employees at year end	9	9

11. KEY MANAGEMENT PERSONNEL AND REMUNERATION

a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the PA Research Foundation during 2012-13.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive Officer	<ul style="list-style-type: none"> • strategic planning • operational planning • budget development • human resource management • business development 	Individual agreement appointed by the board	Appointed 21 March 2011

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

11. KEY MANAGEMENT PERSONNEL AND REMUNERATION (CONT'D)

b) Remuneration

Remuneration for all employees of the PA Research Foundation is by individual agreement. The remuneration and other terms of employment for the key management personnel are specified in employment contracts.

Remuneration packages for key management personnel comprise the following components:-

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
- Long term employee benefits include amounts expensed in respect of long service leave accrued.
- Post employment benefits include amounts expensed in respect of employer superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- No performance bonuses are currently part of any employment agreements.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2012 – 30 June 2013

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	135	-	-	12	-	147

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11. KEY MANAGEMENT PERSONNEL AND REMUNERATION (CONT'D)

1 July 2011 – 30 June 2012

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer	125	-	-	11	-	136

c) Performance payments

No performance payments were made in either the 2012-13 or 2011-12 financial years.

12. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2013 \$	2012 \$
Surplus (Deficit) from Operations	700,199	488,919
Interest short term investments	(118,207)	(132,838)
Depreciation expense	3,396	1,453
Donation of fixed asset	-	(6,879)
Gain on insurance recovery	-	(178)
Change in Assets in Liabilities:		
Decrease/(increase) in receivables	(59,495)	3,087
Decrease/(increase) in inventory	(5,530)	(2,167)
Increase/(decrease) in payables	70,847	(164,760)
Increase/(decrease) in accrued employee expenses	37,135	9,321
Net Cash Provided by Operating Activities	628,345	195,958

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13. CONTINGENCIES

The Foundation has established a fund with the Queensland Community Foundation (QCF) for the purposes of generating future bequests and donations. Contributions to QCF are held in trust and invested in perpetuity with net income distributed to the PA Research Foundation in accordance with QCF Declaration of Trust.

The most recent available balance of the fund was \$19,500 (2012: \$18,108) at 30 June 2013 of which \$20,000 was contributed by the PA Research Foundation as an initial deposit during the 2004-05 financial year. The difference in the value of the fund is contributed to the effects of the Global Financial Crisis.

The Foundation expects that earnings for the 2012-13 financial year will be brought to account during the financial year ending 30 June 2014. As at the 30 June 2013 there are no indications as to what these earnings will be.

There were no contingent liabilities of any significance at balance date.

14. COMMITMENTS FOR EXPENDITURE

Research Grants

Research Grants awarded by the PA Research Foundation are recognised as a liability on receipt of an approved invoice for the research carried out. The grants approved by the Board which remain unpaid at balance date are recorded as Commitments. At balance date of 30 June 2013 the outstanding grants commitment was \$765,894 (2012: \$878,072).

Research Grant Commitments

	2013 \$	2012 \$
Research grant commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts are payable as follows:		
Not later than one year	566,858	535,072
Later than one year and not later than five years	199,036	343,000
Later than five years	-	-
TOTAL	765,894	878,072

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

14. COMMITMENTS FOR EXPENDITURE (CONT'D)

Funds for Tied Projects

As part of general fundraising operations the PA Research Foundation raises funds to support a particular project or area of the PA Hospital Campus. Donations, grants or other fundraising income generation by these activities are reported separately. This supports the Foundation's commitment to transparency in allocating donations received for the purpose they were given.

The funds for tied projects commitment as at 30 June 2013 was \$1,809,613 (2012: \$1,256,086).

Tied Projects Funds

	2013 \$	2012 \$
Tied Fund commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts are payable as follows:		
Not later than one year	700,000	284,255
Later than one year and not later than five years	1,109,613	971,831
Later than five years	-	-
TOTAL	1,809,613	1,256,086

15. FINANCIAL INSTRUMENTS

(a) Categorisation of financial instruments

The Foundation has the following categories of financial assets and financial liabilities:

Category	Note	2013 \$	2012 \$
Financial Assets			
Cash and cash equivalents	6	1,459,209	883,829
Short term investments		2,382,980	2,264,773
Receivables	7	197,640	85,180
Total		<u>4,039,829</u>	<u>3,233,782</u>
Financial Liabilities			
Payables	9	119,251	48,404
Total		<u>119,251</u>	<u>48,404</u>

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

15. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The PA Research Foundation's activities expose it to a variety of financial risks - credit risk, liquidity risk, market risk and interest rate risk.

Financial risk management is implemented pursuant to the PA Research Foundation's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Foundation.

All financial risk is managed by the Finance and Risk Committee under policies approved by the Board.

The PA Research Foundation measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit risk exposure

Credit risk exposure refers to the situation where the Foundation may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment.

Financial Assets

The carrying amount of receivables represents the maximum exposure to credit risk.

No collateral is held as security and no credit enhancements relate to financial assets held by the Foundation.

The Foundation manages credit by ensuring that the Foundation invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

15. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit risk exposure (cont'd)

The method for calculating any provision for impairment is based on past experience, ageing of debtors, current and expected changes in economic conditions and changes in client credit ratings.

No provision has been made in the current financial year for impairment losses (2012: nil).

Ageing of financial assets are disclosed in the following tables:

2013 financial assets aging

	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total
	\$	\$	\$	\$	\$
Receivables	176,740	7,700	2,200	11,000	197,640
	176,740	7,700	2,200	11,000	197,640

2012 financial assets aging

	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total
	\$	\$	\$	\$	\$
Receivables	84,980	-	-	200	85,180
	84,980	-	-	200	85,180

(d) Liquidity risk

Liquidity risk refers to the situation where the Foundation may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Foundation is exposed to liquidity risk in respect of its payables. The Foundation manages liquidity risk by ensuring the Foundation has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Foundation. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

PA RESEARCH FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

15. FINANCIAL INSTRUMENTS (CONT'D)

Category	Note	2013 Payable in			Total
		< 1 year	1-5 years	> 5 years	
		\$	\$	\$	
Financial Liabilities					
Payables	9	119,251	-	-	119,251
		119,251	-	-	119,251

Category	Note	2012 Payable in			Total
		< 1 year	1-5 years	> 5 years	
		\$	\$	\$	
Financial Liabilities					
Payables	9	48,404	-	-	48,404
		48,404	-	-	48,404

(e) Market risk

The Foundation is exposed to interest rate risk through cash deposited in interest bearing accounts. The Foundation does not undertake any hedging in relation to interest risk.

(f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on income if interest rates would change by +/- 1% from the year-end rates applicable to the Foundation's financial assets. With all other variables held constant, the Foundation would have a surplus and equity increase/(decrease) of \$31,236 (2012: \$27,063).

Financial Instruments	Carrying Amount	2013 Interest rate risk			
		- 1%		+ 1%	
		Profit	Equity	Profit	Equity
Fixed Term Deposits and Cash at Call Deposits	3,123,609	(31,236)	(31,236)	31,236	31,236
Potential Impact		(31,236)	(31,236)	31,236	31,236

PA RESEARCH FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

15. FINANCIAL INSTRUMENTS (CONT'D)

(f) Interest rate sensitivity analysis (cont'd)

Financial Instruments	Carrying Amount	2012 Interest rate risk			
		- 1%		+ 1%	
		Profit	Equity	Profit	Equity
Fixed Term Deposits and Cash at Call Deposits	2,706,396	(27,063)	(27,063)	27,063	27,063
Potential Impact		(27,063)	(27,063)	27,063	27,063

(g) Fair Value

The PA Research Foundation does not recognise any financial assets or financial liabilities at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transactions, less allowance for impairment.

PA RESEARCH FOUNDATION

CERTIFICATE OF THE PA RESEARCH FOUNDATION

These general purpose financial statements have been prepared pursuant to *Section 62(1) of the Financial Accountability Act 2009 (the Act)*, relevant sections of *the Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with *Section 62 (1)(b) of the Act* we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the PA Research Foundation for the financial year ended 30 June 2013, and of the financial position of the PA Research Foundation at the end of that year.



Damian Topp
Chief Executive Officer



Robert Bowen
Chairman

Dated this 29th day of August 2013



Independent audit report to the directors of PA Research Foundation

We have audited the accompanying financial report of PA Research Foundation (the Foundation), which comprises the Statement of financial position as at 30 June 2013, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and certificates given by the Chief Executive Officer and Board Chairman.

Directors' responsibility for the financial report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with prescribed accounting requirements including compliance with Australian Accounting Standards, a true and fair view with is consistent with our understanding of the Foundation's financial position and of its performance.

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



Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

In our opinion the financial report presents a true and fair view, in all material respects, the financial position of the PA Research Foundation as at 30 June 2013 and of its performance for the year ended on that date in accordance with Australian Accounting Standards.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Tracey Barker'.

Tracey Barker
Partner

Brisbane
29 August 2013

ATTACHMENT B – Compliance Checklist (Template)

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister 	ARRs – section 8	P3
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 10.1	P2, p4
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	P2
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	P2
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	P2
	<ul style="list-style-type: none"> Information licensing 	<i>Queensland Government Enterprise Architecture – Information licensing</i> ARRs – section 10.5	P2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	P5
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	P5
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	P8-9
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 11.4	NA
Non-financial performance	<ul style="list-style-type: none"> Government objectives for the community 	ARRs – section 12.1	P11
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	NA
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	P10
	<ul style="list-style-type: none"> Agency service areas, service standards and other measures 	ARRs – section 12.4	P8-9
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	P14
	<ul style="list-style-type: none"> Chief Finance Officer (CFO) statement 	ARRs – section 13.2	P14
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1	P8-9
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2	P8-9
	<ul style="list-style-type: none"> Related entities 	ARRs – section 14.3	NA
	<ul style="list-style-type: none"> Boards and committees 	ARRs – section 14.4	P8-9
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	P8-9
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 15.1	P8-9
	<ul style="list-style-type: none"> External Scrutiny 	ARRs – section 15.2	P8-9

Summary of requirement		Basis for requirement	Annual report reference
	• Audit committee	ARRs – section 15.3	P8-9
	• Internal Audit	ARRs – section 15.4	NA
	• Public Sector Renewal Program	ARRs – section 15.5	NA
	• Information systems and recordkeeping	ARRs – section 15.7	NA
Governance – human resources	• Workforce planning, attraction and retention and performance	ARRs – section 16.1	P8-9
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	NA
	• Voluntary Separation Program	ARRs – section 16.3	NA
Open Data	• Open Data	ARRs – section 17	P2
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Financial Statements p26
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Financial Statements p27
	• Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Financial Statements p18-19

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*
ARRs *Annual report requirements for Queensland Government agencies*