

Heart Research Institute Limited and its
controlled entities

Financial Report

– For the year ended 31 December 2021

ABN 41 003 209 952



Today's research,
tomorrow's cure.

**Heart Research Institute Limited and its controlled
entities**

ABN 41 003 209 952

Financial Report

31 December 2021

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' report

For the year ended 31 December 2021

The directors present their report together with the financial statements of the Group comprising of Heart Research Institute Limited (the Company), and its subsidiaries (the Group) for the financial year ended 31 December 2021 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
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Professor Leonard Kritharides MBBS, PhD, FRACP, FCSANZ, FAHA, FESC, FACC Term ended 25 March 2022	Len Kritharides graduated in Medicine from Melbourne University and completed his Cardiology training at the Royal Melbourne Hospital. He undertook PhD studies in Macrophage Biology at the Heart Research Institute in Sydney (HRI) between 1991-1994. After postdoctoral research at the HRI and in the USA, he took up an appointment as Staff Specialist in Cardiology at CRGH in 1998, and was Head of Department between 2003 and 2021. He is currently Senior Staff Specialist and Clinical Director of the Cardiovascular Stream of the Sydney Local Health District, Conjoint Professor in Medicine at The University of Sydney, and Head of the Atherosclerosis and Vascular Biology Research Laboratories at the ANZAC Research Institute. Professor Kritharides was awarded a NSW Government Community Services Award for his contributions to CRGH in 2006, the President's Medal for contributions to the Cardiac Society of Australia and New Zealand (CSANZ) in 2013, and the Distinguished Researcher Award by the Australian Vascular Biology Society in 2014. He is Past President of the Cardiac Society of Australia and New Zealand, is a National Board Member of the Heart Foundation of Australia and was Chair of its Research Strategy Committee (2018-2021). He was appointed to the Board of the HRI in 2009, has chaired its Scientific Advisory Committee, and was appointed Chairman in 2017.
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Professor Shaun Jackson MBBS (HONS), BMEDSCI (HONS), PHD Resigned 30 June 2021	Professor Shaun Jackson is an NHMRC Senior Principal Research Fellow, faculty member at the Scripps Research Institute in La Jolla, San Diego (CA, USA), and Honorary Visiting fellow at the University Cambridge, UK. He was the co-founder and Research Director of the Australian Centre for Blood Diseases, Monash University. In 2015, he was appointed as the inaugural Director of Cardiovascular Research, at the Heart Research Institute & Charles Perkins Centre, University of Sydney. He has a clinical appointment in the Dept. Cardiology, Royal Prince Alfred Hospital. He has established several Australian biotechnology companies focussing on the clinical development of novel antithrombotic therapeutics. Shaun has received numerous international awards including the Marion Barnhart Prize (2009) and Career Investigator Award and Medal (2011) from the International Society of Thrombosis and Haemostasis. In 2018 he was awarded the NSW Ministerial Award for Cardiovascular Research Excellence, and in 2010, an Australia Fellowship from the NHMRC.
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Dr Teresa Anderson AM, FIPAA, B.APP SCIENCE (SPEECH PATHOLOGY), PHD Term ended 27 February 2022	Dr Teresa Anderson is the Chief Executive of Sydney Local Health District, one of the leading public health services in Australia. She has more than 40 years of experience as a clinician and health service executive. She has a well-established reputation for implementing strategies to foster innovation and best practice, supporting collaboration and building partnerships. She is an internationally recognised Speech Pathologist and is passionate about developing programs and services to support and improve the health and wellbeing of all people in the community. In 2018 Dr Anderson was appointed a Member of the Order of Australia (AM). Dr Anderson is a Vice President and has been made a Fellow of the NSW Institute of Public Administration Australia, is a member of seven Medical Research, Health and PHN boards and is an active member of the Sydney Health Partners Governing Council.
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Mr John Batistich Bbus, MMgt, GAICD Term ended 19 May 2021	Mr John Batistich is a Non-Executive Director of Zip Co Limited, Stellar Group, General Pants Group and FoodCo. He has more than 28 years of experience in consumer research, marketing, digital innovation and general management with blue chip companies including Westfield, Wrigley, Pepsico and Kimberly Clark. Mr Batistich holds a Masters in Management degree from Macquarie Graduate School of Management majoring in Human Resources, a Bachelor of Business degree from the University of Western Sydney majoring in Marketing, Certificate in Digital Marketing from the Association for Data-driven Marketing and Advertising, and is a Graduate of the Australian Institute of Company Directors.
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Mr Rod Halstead LLB (SYD), LLM (LON), FAICD	Mr Rod Halstead held the position of Honorary Solicitor for The Heart Research Institute prior to joining the Board. Mr Halstead is presently Director - Strategic Corp/M&A at the law firm Clayton Utz. Prior to holding that position he had many years' experience as a Partner at Clayton Utz, with a preceding position at the law firm Mallesons Stephen Jaques. Mr Halstead has considerable Board experience and regularly advises Boards and Senior Management of major Australian corporate and financial institutions, in respect to business and governance related matters.
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HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' report (continued)

For the year ended 31 December 2021

1 Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
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Professor Stephen Simpson AC, FAA, FRS	Professor Stephen Simpson is Academic Director of the Charles Perkins Centre, a University of Sydney cross-faculty initiative aimed at researching and implementing cross-disciplinary approaches to alleviating the burden of obesity, diabetes, cardiovascular disease and related conditions. He is also the Executive Director of Obesity Australia. After completing an undergraduate degree at the University of Queensland, he pursued a PhD at the University of London. Professor Simpson spent 22 years at the University of Oxford, first in Experimental Psychology, then in the Department of Zoology and the Oxford University Museum of Natural History. He returned to Australia in 2005 as an Australian Research Council (ARC) Federation Fellow, then ARC Laureate Fellow. In 2007 Professor Simpson was elected a Fellow of the Australian Academy of Science. In 2009 he was NSW Scientist of the Year and in 2013 he was elected a Fellow of the Royal Society of London as "one of the world's foremost entomologists and nutritional biologists". In 2015 he was made a Companion of the Order of Australia "for eminent service to biological and biomedical science." In 2022 he was awarded the Macfarlane Burnett Medal by the Australian Academy of Science.
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Professor Andrew Boyle MBBS (HONS), FRACP, PHD	Andrew Boyle is currently Professor of Cardiovascular Medicine, Clinical Dean of the Hunter Clinical School of the University of Newcastle and a practising interventional cardiologist. He has over 100 career journal publications, eight book chapters and three patents. Andrew heads both a clinical and a basic science research team. He has considerable experience in preclinical studies and human clinical trials. His research focuses on left ventricular remodelling following myocardial infarction, novel therapies and systems of care for acute coronary syndromes. He chairs the Clinical Trials Subcommittee of the Hunter New England HREC and sits on the Executive Committee of the NSW Cardiovascular Research Network.
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Mr Richard Rassi B Com, FCA, GAICD	Richard Rassi is a chartered accountant having spent most of his career working at Deloitte and as a partner in the firm up to December 2011. He now operates a consulting practice (Riclin Consulting) providing consulting services in the areas of strategy, governance, risk management, audit and financial reporting. Richard also mentors a number of senior professionals and executives. He continues to be retained by Deloitte to assist with the delivery of services to clients including providing a quality assurance role on a range of audit and advisory engagements. Complementing this expertise are various governance roles including a member of the audit and finance committee for the Australian Broadcasting Corporation (current appointment). He also currently serves as a member of the Disciplinary Tribunal of Chartered Accountants Australia and New Zealand. Richard has also assisted the Australian Institute of Company directors with the development of their various director education programs. This has included authoring a course on strengthening financial governance and delivering webinars on year-end financial reporting obligations for directors and governance related topics.
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The Hon. Bruce Baird BA (Syd) MBA (Melb) Resigned 25 February 2022	Bruce Baird comes with a background in business, politics and tourism. He worked for an airline and a mining company before joining the Australian Trade Commission Service in 1973. He was posted as Trade Commissioner in Germany (1973) and then New York (1976). He subsequently won the NSW State seat of Northcott in 1984 and was appointed Shadow Minister for Finance and Aboriginal Affairs. When the Coalition won Government in 1988 Bruce was appointed Minister for Transport and Roads and in 1990 was given the added responsibility of Minister for Sydney's Olympic Bid and in 1993 Minister for Tourism. In 1995 he retired from politics and became CEO of Tourism Council of Australia. In 1998 he won the seat of Cook in the Federal Parliament and was the Chairman of several Committees including the House Economics Committee. On leaving Parliament in 2007 he became Chair of several Committees including the Tourism and Transport Forum and the National Heavy Vehicle Regulator. He is now the Chair of Business Events Sydney and is a member of the Opera House Trust. Bruce has a BA from Sydney University, an MBA from Melbourne University and honorary doctorates from UTS and University of Newcastle. He was appointed as a Member of the Order of Australia in 2007.
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HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' report (continued)

For the year ended 31 December 2021

1 Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
<p>Mr Antony Pollitt BEc, MBA, FCA, GAICD Appointed 28 July 2021</p>	<p>Tony Pollitt is the Commercial Director at DAE Global, which specialises in the production of live events around the world. DAE Global has been involved in Olympic Ceremonies, Asian Games, Rugby World Cups, and most recently World EXPO2020 Dubai. Tony qualified as a Chartered Accountant in 1989 and worked for Coopers & Lybrand in Sydney and London. Tony subsequently worked in the Pay TV industry with roles at Showtime and Foxtel, before joining DAE Global in 2021.</p>
<p>Emeritus Professor Marilyn Sleight BSc(Hons), PhD, FTSE, FAICD Appointed 25 October 2021</p>	<p>Merilyn Sleight is a company director and advisor to science-based companies and research institutions. She is currently a director of BCAL Diagnostics Ltd and has previously served on the boards of ASX-listed companies Clover Corporation Ltd (food ingredients), and Tyrian Diagnostics Ltd (medical and agricultural diagnostics) and a number of unlisted biotechnology companies, as well as non-profit organisations, including the University of Technology Sydney and Relationships Australia (NSW). She has formerly been an advisor to CSIRO, the Garvan Institute for Medical Research and the University of Technology Sydney, on research commercialisation and strategy. Merilyn completed 6 years as founding CEO and Managing Director of antibody therapeutics company EvoGenix Ltd in 2007, when the company was acquired by Arana Therapeutics Ltd (now part of Teva Pharmaceuticals). At earlier stages in her career she was a senior researcher and manager with CSIRO, with a focus on medically-oriented research, Director of Pharmaceutical R&D with listed biotechnology company Peptech Ltd, and Dean of the Faculty of Life Sciences at the University of New South Wales.</p> <p>She has served on a number of pharmaceuticals/health government boards and committees over the past several years, including the Pharmaceutical Industry Investment Program, the Committee developing a Strategy for the Pharmaceutical Industry in Australia, and the biological committee of the IR&D Board. She was also member of the board of the Australian Research Council, as well as undertaking various engagements for the National Health and Medical Research Council.</p> <p>Merilyn is a Fellow of the Australian Academy of Technological Sciences and Engineering and of the Australian Institute of Company Directors. She was awarded a Centenary Medal in 2002 and the President's Medal by Ausbiotech in 2007, both for contributions to the Australian biotechnology industry. Earlier in her career she received the Boehringer Medal of the Australian Biochemical Society for her molecular biology research.</p>
<p>The Hon. Peter McGauran LLB, BA Appointed 24 December 2021</p>	<p>Peter McGauran graduated from Melbourne University LLB/BA in 1979 practising as a solicitor in his home town of Traralgon (Vic) until being elected in 1983 to Federal Parliament for the seat of Gippsland.</p> <p>Mr McGauran served 25 years in Parliament including as a Cabinet Minister and over 10 years as a Minister in various Departments including the portfolios of Agriculture, Industry, Communications and Immigration.</p> <p>On his retirement from Federal Parliament in 2008, Mr McGauran became CEO of Thoroughbred Breeders Australia. In 2012, Mr McGauran was appointed CEO of Racing Australia, the national regulatory authority for Thoroughbred racing and breeding.</p> <p>Mr McGauran returned to public service in December, 2017 on being appointed Australian Consul General and Senior Trade and Investment Commissioner to Houston, Texas.</p> <p>On completion of his term as Consul General in 2021, Mr McGauran joined Bondi Partners advisory firm in Sydney as a Senior Adviser working with US companies entering the Australian market.</p>
<p>Mr Merrick Howes BA, LLB Appointed 24 December 2021</p>	<p>Merrick Howes is the Managing Partner and Founder of Airon Investment Management a newly established private investment fund. Prior to this he established, and led, the Australian investment operations of Anchorage Capital Group L.L.C. from 2011 to 2021.</p> <p>Merrick commenced his career in finance in 1989 at Macquarie Group. There he held various roles in corporate and structured finance, including Executive Director. In 1996 Merrick relocated to Singapore to take responsibility for starting Macquarie Bank's Asian investment banking operations. Subsequently, Merrick joined Merrill Lynch and held various senior roles in structured finance in both Asia and London. He returned to Australia in 2005 as a Managing Director and Partner at Goldman Sachs. There he helped establish the principal investment platform in Australia.</p> <p>Merrick holds a Bachelor of Arts and Bachelor of Laws from the Australian National University. Merrick represented Australia in rowing from 1984 – 1987 and is currently a board member of Rowing Australia and chair of its Audit & Risk Committee.</p>

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' report (continued)

For the year ended 31 December 2021

1 Directors (continued)

Name, qualifications and independence Experience, special responsibilities and other directorships status

Dr Kate McBride
PhD
Appointed 23 February 2022

Dr Kate McBride has been the inaugural Director of the Institute of Academic Surgery at Royal Prince Alfred Hospital since 2014 and the Acting Director of the Surgical Program and Academia for Sydney Local Health District. With over 17 years of experience, she is a skilled hospital administrator with a passion for surgical services and the implementation of initiatives that support the effective integration of clinical, academic and business activities to enhance service delivery and patient outcomes.

Dr McBride was awarded her PhD (Medicine) from the University of Sydney in 2021 and a Masters in Health Service Management from the University of Technology, Sydney in 2007. Her Bachelor of Health Sciences was completed at the University of Adelaide in 2003. Dr McBride has worked in a range of senior management positions within Sydney Local Health District, along with being a Youth Ambassador for Development with AusAID in 2011 - 2013 based in Nairobi, Kenya, working with the African Medical and Research Foundation (AMREF). Kate's personal research interests focus on the surgical outcomes for people with comorbid serious mental illness and the implementation of complex surgical programs.

Unless otherwise stated, the directors held office for the entire period.

2 Company secretary

Hana Krskova was appointed Company Secretary on 23 May 2018.

3 Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
Prof Len Kritharides	12	12
Prof Shaun Jackson	7	4
Dr Teresa Anderson	12	12
Mr Rod Halstead	12	10
Mr John Batisich	4	4
Prof Stephen Simpson	12	11
Prof Andrew Boyle	12	10
Mr Richard Rassi	12	11
The Hon. Bruce Baird	12	11
Mr Tony Pollitt	5	5
Prof Marilyn Sleigh	2	2

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

4 Principal activities

The principal activities of the Group during the course of the financial year were medical research and fundraising to support this research.

Long and short term objectives of the Heart Research Institute

Long term:

The Heart Research Institute's mission is to prevent death and suffering from heart disease through an understanding of the biological processes that cause atherosclerosis and thrombosis, the major underlying causes of most heart attacks and strokes.

The Heart Research Institute has four core objectives:

- To investigate mechanisms contributing to the pathogenesis of cardiovascular disease
- To develop new ways to detect symptoms of cardiovascular disease before it leads to clinical problems
- To develop new treatments which can reverse the development of heart disease
- To prevent individuals developing cardiovascular disease in the future

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' report (continued)

For the year ended 31 December 2021

4 Principal activities (continued)

Short term:

The major short-term focus of our research is understanding the development and progression of atherothrombotic conditions in which the arteries are narrowed and restricted due to a build-up of fatty deposits. This is being achieved via scientific and clinical research work carried out by the scientific groups that make up the HRI. These include the Atherosclerosis and Vascular Remodelling Group, the Arterial Inflammation and Redox Biology Group, the Cardiometabolic Disease Group, the Cardiovascular Medical Devices Group, the Cardiovascular Neuroscience Group, the Cardiovascular-Protective Signalling and Drug Discovery Group, the Clinical Research Group, the Coronary Diseases Group, the Haematology Research Group, the Heart Rhythm and Stroke Prevention Group, the Microvascular Research Group, the Platelet Biology Group, the Thrombosis Group, the Vascular Complications Group and the Vascular Immunology Group.

The directors consider the Group's key performance indicators to be the following:

- Number of scientific papers published in peer reviewed journals
- Number of citations by external world-wide researchers to work published by HRI researchers
- Number of competitive research grants obtained and their value
- Number of scientific projects undertaken
- Number of presentations of scientific data made at major international and national conferences
- Net funds generated by fundraising activities applied to HRI objectives
- Number of Honours, PhD and post-doctoral students trained and / or mentored

There were no other significant changes in the nature of the activities of the Group during the year.

5 Operating and financial review

Overview of the Group

The profit of the Group for the year ended 31 December 2021 was \$2,793,152 (2020 profit: \$3,401,823).

6 Environmental regulation

The Group's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during the period covered by this report.

7 Membership

The Company is a company limited by guarantee and without share capital. In the event of the winding up of the Company, the liability of the members is limited by personal guarantees to the extent of \$100 each towards meeting any outstanding obligations of the Company.

The number of members as at 31 December 2021 was 70 (2020: 67). The total amount that members of the Company are liable to contribute if the Company is wound up is \$7,000 (2020: \$6,700).

8 COVID 19 update

The directors do not expect any significant impacts from the ongoing effects of the COVID-19 pandemic for potential adverse effects on fundraising revenue. The directors will continue to monitor closely the results of the Group. The Directors do not believe that COVID-19 will affect the Group's capacity to remain a going concern for the foreseeable future.

9 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

10 Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' report (continued)

For the year ended 31 December 2021

11 Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the financial year the Company, has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 December 2021 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2021. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company to the extent permitted by the Corporations Act 2001.

12 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the financial year ended 31 December 2021.

This report is made in accordance with a resolution of the directors:



P McGauran
Chairman

Dated at Sydney this 6th day of April 2022



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of The Heart Research Institute Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2021 there have been:

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

KPMG

Warwick Shanks

Partner

Sydney

6 April 2022

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

<i>In AUD</i>	<i>Note</i>	2021	2020
		\$	\$
Revenue	4	21,810,588	20,111,301
Other Income	5	827,354	1,971,720
Depreciation expense		(1,626,784)	(1,674,753)
Personnel expenses	6	(9,890,276)	(8,735,501)
Fundraising costs		(4,445,801)	(3,842,002)
Computer expenses		(430,559)	(431,025)
Marketing and communications		(104,697)	(95,859)
Facilities expense		(762,157)	(736,345)
Other expenses		(1,184,819)	(942,900)
Research costs		(2,826,584)	(2,933,935)
Results from operating activities		1,366,265	2,690,701
Net investment income	7	1,491,321	791,284
Lease interest	15	(64,434)	(80,162)
Profit before income tax		2,793,152	3,401,823
Tax expense		-	-
Profit for the year		2,793,152	3,401,823
Other comprehensive income			
Foreign currency translation differences - foreign operations	17	258,725	(369,191)
Other comprehensive income for the year, net of tax		258,725	(369,191)
Total comprehensive income for the year		3,051,877	3,032,632

The notes on pages 12 to 25 are an integral part of these consolidated financial statements.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of financial position

For the year ended 31 December 2021

<i>In AUD</i>	<i>Note</i>	2021	2020
		\$	\$
Cash and cash equivalents	8	19,069,122	14,975,619
Trade and other receivables	9	1,285,216	788,714
Other investments	10	4,375,614	4,363,825
Inventories		91,192	77,536
Prepayments		293,403	309,341
Total current assets		25,114,547	20,515,035
Other investments	10	17,178,342	15,718,720
Property, plant and equipment	11	14,363,335	14,853,249
Right of use asset	15	1,206,495	1,608,660
Total non-current assets		32,748,172	32,180,629
Total assets		57,862,719	52,695,664
Liabilities			
Trade and other payables	12	2,871,389	2,448,500
Employee benefits	13	908,224	697,760
Deferred income	14	4,004,674	2,222,348
Lease liability	16	415,137	383,321
Total current liabilities		8,199,424	5,751,929
Lease liability	16	928,672	1,345,167
Employee benefits	13	437,681	353,503
Total non-current liabilities		1,366,353	1,698,670
Total liabilities		9,565,777	7,450,599
Net assets		48,296,942	45,245,065
Funds			
Reserves	17	3,827,099	3,195,618
Retained earnings		44,469,843	42,049,447
Total funds		48,296,942	45,245,065

The notes on pages 12 to 25 are an integral part of these consolidated financial statements.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of changes in funds For the year ended 31 December 2021

<i>In AUD</i>	Reserves (note 17) \$	Retained earnings \$	Total equity \$
Opening Balance 1 January 2020	3,476,620	38,735,813	42,212,433
Total comprehensive income for the year			
Profit for the year	-	3,401,823	3,401,823
<i>Other comprehensive income</i>			
Foreign currency translation differences for foreign operations	(369,191)	-	(369,191)
Total comprehensive income/(loss) for the year	<u>(369,191)</u>	<u>3,401,823</u>	<u>3,032,632</u>
Transfer to Salteri research endowment fund	88,189	(88,189)	-
Balance at 31 December 2020	<u>3,195,618</u>	<u>42,049,447</u>	<u>45,245,065</u>
Opening balance at 1 January 2021	3,195,618	42,049,447	45,245,065
Total comprehensive income for the year			
Profit for the year	-	2,793,152	2,793,152
<i>Other comprehensive income</i>			
Foreign currency translation differences for foreign operations	258,725	-	258,725
Total comprehensive income for the year	<u>258,725</u>	<u>2,793,152</u>	<u>3,051,877</u>
Transfer to Salteri research endowment fund	372,756	(372,756)	-
Balance at 31 December 2021	<u>3,827,099</u>	<u>44,469,843</u>	<u>48,296,942</u>

The notes on pages 12 to 25 are an integral part of these consolidated financial statements.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Consolidated statement of cash flows For the year ended 31 December 2021

<i>In AUD</i>	<i>Note</i>	2021 \$	2020 \$
Cash receipts from fundraising		16,289,755	17,659,604
Cash paid to suppliers and employees		(19,343,096)	(18,054,573)
Cash receipts from government and other grants		8,311,690	4,318,398
Cash generated from operating activities		5,258,349	3,923,428
Interest received		30,762	143,945
Net cash from operating activities		5,289,111	4,067,373
Cash flows from investing activities			
Acquisition of property, plant and equipment		(734,706)	(394,750)
Transfers (to)/from investments		(11,789)	43,408
Net cash (used in) investing activities		(746,495)	(351,342)
Cash flows from financing activities			
Payment of lease liability	15	(449,113)	(436,000)
Net cash used in financing activities		(449,113)	(436,000)
Net increase in cash and cash equivalents		4,093,503	3,280,031
Cash and cash equivalents at beginning of year		14,975,619	11,695,588
Cash and cash equivalents at end of year	8	19,069,122	14,975,619

The notes on pages 12 to 25 are an integral part of these consolidated financial statements.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements

For the year ended 31 December 2021

1 Reporting entity

Heart Research Institute Limited (the Company) is a company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is 7 Eliza Street, Newtown, NSW 2042, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). Heart Research Institute Limited is itself the ultimate Australian parent entity.

The Group is a not-for-profit entity and is primarily involved in medical research and fundraising.

2 Basis of preparation

- (a) The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The consolidated financial statements were authorised for issue by the Board of Directors on the 6th April 2022

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets that have been measured at fair value through profit or loss.

(c) Functional and presentation currencies

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of and valuation of investments

Under AASB 9, the Group recognises the movements in fair value of investments through the statement of profit or loss. The fair value of unlisted investment trusts has been determined by reference to unit prices determined by the funds' investment manager.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Where an impairment trigger exists, the recoverable amount of the asset is determined.

COVID-19 pandemic

The Group has assessed the impacts of the COVID-19 pandemic. The Group has not been significantly impacted and has continued to operate effectively throughout the financial year. The directors have assessed that the going concern basis of accounting remains appropriate.

Estimates and assumptions

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

3 Summary of significant accounting policies

(a) Changes in accounting policies

Changes in accounting policy, new and amended standards and interpretations

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however the Group has not early adopted the new or amended standards in preparing these financial statements. These are discussed in Note 3 (p).

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Heart Research Institute Limited and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- * Power over the investee (i.e. existing right that give it the current ability to direct the relevant activities of the investee);
- * Exposure, or rights, to variable returns from its involvement with the investee; and
- * The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- * The contractual arrangement with the other vote holders of the investee;
- * Rights arising from other contractual arrangements; and
- * The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the income statement. Any investment retained is recognised at fair value.

Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Australian dollars at average exchange rates for the year.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is when the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Investments in subsidiaries are measured at cost less any impairment losses.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- * Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle
- * Held primarily for the purpose of trading
- * Expected to be realised within twelve months after the reporting period, or
- * Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- * It is expected to be settled in the Group's normal operating cycle
- * It is held primarily for the purpose of trading
- * It is due to be settled within twelve months after the reporting period, or
- * There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

(d) Foreign currency translation

(i) *Foreign currency transactions and balances*

Transactions in foreign currencies are translated to the functional currencies of Group entities at average exchange rates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(e) Revenue recognition

Grant income

The Group receives research grants from government and other funding bodies. Grants received under agreements where the performance obligations are not sufficiently specific are recognised on receipt, or when the Group becomes contractually entitled to the asset.

Where the grant agreement includes a 'termination of convenience' clause, a contract liability is recognised on receipt of funds and the grant income is recognised when the relevant research expenditure is incurred.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

(e) Revenue recognition (continued)

Revenue from fundraising

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control of the asset.

Bequests

Bequests are recognised when the Group is notified of an impending distribution or the bequest is received, whichever occurs earlier.

Revenue from bequests comprising of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

Distribution income from investments

Revenue is recognised from investment distributions when the Group's right to receive the payment is established, which is generally when the distribution is paid by the portfolio manager.

(f) Income tax

The income of the Institute and its subsidiaries are exempt from Income tax pursuant to the provisions of subdivision 50-B of the Income Tax Assessment Act 1997 and receive GST concessions under division 176 of A New Tax System Act 1999 and FBT exemptions under section 123D of the Fringe Benefits Tax Assessment Act 1986. The Institute is also exempt from other government levies such as payroll tax.

(g) Goods and Services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- * When the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as application, and
- * When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows 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 part of operating cash flows.

(h) Property, plant and equipment

(i) *Recognition and measurement*

Land and buildings are measured at cost less accumulated depreciation on buildings and accumulated impairment losses.

All other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

• buildings	20 years
• furniture and fittings	3 to 7 years
• motor vehicles	3 to 10 years
• research equipment	3 to 4 years
• computer software	3 to 4 years

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

(i) Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses definition of lease in AASB 16.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

(i) Leased assets (continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring all direct materials.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Financial instruments

Classification

AASB 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Impairment

AASB 9 applies a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Impairment of Financial Assets

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired.

(l) Cash and short term deposits

Cash and short term deposits in the statement of financial position comprise cash at bank and on hand and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

(m) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Net investment income

Investment income comprises interest income on investments and dividends. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(p) Changes in accounting policies

Changes in accounting policy, new and amended standards and interpretations

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however the Group has not early adopted the new or amended standards in preparing these financial statements. These are as below:

- AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities);
- AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

These standards remove the ability of the Group to prepare special purpose financial statements and general purpose financial statements - Tier 2.

As the Group applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts recognised in the financial statements. More disclosure will be required in the financial statements for the next succeeding financial year than is currently provided.

There were no new or amended standards which impacted current year's financial report.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

4 Revenue

<i>In AUD</i>	2021	2020
	\$	\$
Competitive grants and other government support	5,773,756	3,932,847
Fundraising	14,483,063	15,929,587
Bequests	1,553,769	248,867
	<u>21,810,588</u>	<u>20,111,301</u>

5 Other income

<i>In AUD</i>	2021	2020
	\$	\$
Membership income	420	-
Government subsidies - Job keeper	421,600	1,592,435
Rental income	379,081	367,951
Sundry income	7,303	1,842
General income	15,950	9,292
Gains on Asset Disposal	3,000	200
	<u>827,354</u>	<u>1,971,720</u>

6 Personnel expenses

<i>In AUD</i>	2021	2020
	\$	\$
Wages and salaries	8,893,496	7,851,707
Contributions to defined contribution plans	996,780	883,794
	<u>9,890,276</u>	<u>8,735,501</u>

7 Net investment income

Recognised in profit or loss

<i>In AUD</i>	2021	2020
	\$	\$
Interest income	86,412	143,945
Distribution income on other investments	1,006,369	766,612
Fair value gain/ (loss) on other investments	398,540	(119,273)
Investment income	<u>1,491,321</u>	<u>791,284</u>
Net investment income recognised in profit or loss	<u>1,491,321</u>	<u>791,284</u>

8 Cash and cash equivalents

<i>In AUD</i>	2021	2020
	\$	\$
Cash in hand	1,000	870
Cash at bank	19,068,122	14,974,749
Cash and cash equivalents	<u>19,069,122</u>	<u>14,975,619</u>

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

9 Trade and other receivables

<i>In AUD</i>	2021	2020
	\$	\$
Trade and other receivables	1,090,558	510,506
Less: Impairment provision for trade and other receivables	(77,929)	-
	<u>1,012,629</u>	<u>510,506</u>
GST receivable	272,587	278,208
	<u>1,285,216</u>	<u>788,714</u>

10 Other investments

<i>In AUD</i>	2021	2020
	\$	\$
Current investments		
Term deposits	<u>4,375,614</u>	<u>4,363,825</u>
Non-current investments		
Unlisted investment trusts - Salteri research endowment fund	3,620,870	3,248,114
Unlisted investment trusts - Strategic capital pool	6,821,985	6,121,684
Unlisted investment trusts - Tactical capital pool	6,626,791	6,240,226
Other investments	108,696	108,696
	<u>17,178,342</u>	<u>15,718,720</u>

Investments

Investments other than term deposits consist of investments in unlisted investment trusts, and therefore have no fixed maturity date or coupon rate. The fair value of the investments designated at fair value through profit or loss has been determined directly by reference to price quotations provided by the investment manager. The portfolio of unlisted investment trusts is managed by Russell Investments during the year.

Changes in the net market value of investment funds are recognised as fair value changes through profit and loss under the accounting policy *AASB 9 Financial Instruments (Refer to note 3)*. These and any cash accounts held as part of the Fund, provided the Group a net increase in value of \$398,540 (2020: decrease of \$119,273).

Salteri research endowment fund

The directors established, by resolution, the Salteri research endowment fund ("the Fund") on 16 December 1998. The directors created a constitution for the Fund, which was formed to build up a capital base to provide an income stream to fund the Group's ongoing, non-surplus activities. All monies associated with this fund have been separately identified and a reserve created to reflect the restricted use of these assets.

Strategic capital pool

The Strategic capital pool is funds set aside for long term unrestricted use and managed by external investment advisors in accordance with the investment strategy of the Group.

Tactical capital pool

The Tactical capital pool is funds set aside for medium term unrestricted use and managed by external investment advisors in accordance with the investment strategy of the Group.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued) For the year ended 31 December 2021

11 Property, plant and equipment

<i>In AUD</i>	Land and buildings \$	Furniture and fittings \$	Motor vehicles \$	Research equipment \$	Computer Software \$	Total \$
Cost or deemed cost						
Balance at 1 January 2020	21,870,685	841,415	31,719	6,897,580	1,369,459	31,010,858
Additions	-	4,248	-	338,228	52,275	394,751
Balance at 31 December 2020	21,870,685	845,663	31,719	7,235,808	1,421,734	31,405,609
Balance at 1 January 2021	21,870,685	845,663	31,719	7,235,808	1,421,734	31,405,609
Additions	32,346	10,116	-	636,882	55,362	734,706
Balance at 31 December 2021	21,903,031	855,779	31,719	7,872,690	1,477,096	32,140,315
Depreciation and impairment losses						
Balance at 1 January 2020	7,773,830	737,722	31,719	5,543,119	1,193,382	15,279,772
Depreciation for the year	724,670	30,230	-	415,222	102,466	1,272,588
Balance at 31 December 2020	8,498,500	767,952	31,719	5,958,341	1,295,848	16,552,360
Balance at 1 January 2021	8,498,500	767,952	31,719	5,958,341	1,295,848	16,552,360
Depreciation for the year	733,142	30,086	-	369,574	91,818	1,224,620
Balance at 31 December 2021	9,231,642	798,038	31,719	6,327,915	1,387,666	17,776,980
Carrying amounts						
At 31 December 2020	13,372,185	77,711	-	1,277,467	125,886	14,853,249
At 31 December 2021	12,671,389	57,741	-	1,544,775	89,430	14,363,335

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

12 Trade and other payables

<i>In AUD</i>	2021	2020
	\$	\$
Trade payables		
Trade payables	1,434,955	859,070
Other trade payables	985,556	690,160
Accrued expenses	450,878	899,270
	<u>2,871,389</u>	<u>2,448,500</u>

13 Employee benefits

<i>In AUD</i>	2021	2020
	\$	\$
Current		
Liability for long service leave	45,025	58,973
Liability for annual leave	863,199	638,787
	<u>908,224</u>	<u>697,760</u>
Non-current		
Liability for long service leave	<u>437,681</u>	<u>353,503</u>

14 Deferred income

<i>In AUD</i>	2021	2020
	\$	\$
Government grants	<u>4,004,674</u>	<u>2,222,348</u>

15 Right-of-use asset

The Company holds lease for property with lease terms ranging up to six years.

<i>In AUD</i>	2021	2020
	\$	\$
Right-of-use asset	<u>1,206,495</u>	<u>1,608,660</u>
Net carrying value	<u>1,206,495</u>	<u>1,608,660</u>

Amounts recognised in profit or loss in AUD

Depreciation expensed for the year	402,165	402,165
Interest expense	64,434	80,162
Expenses relating to variable lease payments not included in the measurement of the lease liability	<u>466,599</u>	<u>482,327</u>

The total cash outflow in relation to lease payments amounted to \$449,113 (2020: \$436,000)

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

16 Lease liability

<i>In AUD</i>	2021	2020
	\$	\$
Amounts due for settlement within less than 12 months (current liabilities)	415,137	383,321
Amounts due for settlement in more than 12 months (non-current liabilities)	928,672	1,345,167
	<u>1,343,809</u>	<u>1,728,488</u>
<i>Maturity analysis</i>		
<i>In AUD</i>		
Not later than 1 year	415,137	383,321
Later than 1 year but not later than 5 years	928,672	1,345,167
Later than 5 years	-	-
	<u>1,343,809</u>	<u>1,728,488</u>

17 Reserves

<i>In AUD</i>	Salteri research endowment fund \$	Foreign currency translation reserve \$	Total \$
At 1 January 2021	3,248,114	(52,496)	<u>3,195,618</u>
Currency translation differences	-	258,725	258,725
Transfer from retained earnings	372,756	-	372,756
At 31 December 2021	<u>3,620,870</u>	<u>206,229</u>	<u>3,827,099</u>

Foreign currency translation reserve

This translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Salteri research endowment fund

The Salteri Research Endowment Fund reserve contains funds that have been set aside by resolution of the Board for the purpose of investment, generating ongoing investment income for the Company.

Under AASB 9, the movement in the fair value of investments will be realised in statement of profit or loss with any change in value then transferred from retained earnings to the Fund.

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

18 Related parties (for non-disclosing entities)

Key management personnel compensation

Total key management personnel compensation during the year was \$1,117,754 (2020: \$1,667,205).

Directors' compensation

The non-executive directors of the Company are appointed on an honorary basis and as a result do not receive any remuneration either directly or indirectly in their capacity as directors of the Heart Research Institute Limited or any of its related parties. The executive director was appointed by the Board and is remunerated as an employee of the Company. Transactions with directors and their related parties have been under the Company's normal terms and conditions.

Executive compensation is set with reference to comparable roles in other organisations and indexed to the Consumer Price Index. The Board has the ability to set performance goals for executives and can reward these executives for the achievement of these performance goals accordingly.

Contributions from the Company

One of the Company's former directors is the founder and sole shareholder of Cruentus Pty Ltd and Thrombio Holdings Pty Ltd, Australian biotechnology companies developing novel antithrombotic therapeutics. The Company is currently investigating investment opportunities and collaborative arrangements with these two organisations with respect to the commercialisation initiatives linked to the development of a new anti-platelet drug. During the year, the Institute paid for \$70,705.71 (FY20: \$61,611.78) in costs on behalf of these two entities. These amounts are held on the balance sheet as other receivables and will be reimbursed to the HRI.

19 Group entities

Parent and ultimate controlling party

The Heart Research Institute Limited is the ultimate parent company of the wholly-owned Group.

Parent entity

Heart Research Institute Limited

Significant subsidiaries	Country of	Ownership interest	
		2021	2020
The Heart Research Institute (UK)	United Kingdom	100%	100%
The Heart Research Institute (NZ)	New Zealand	100%	100%
The Heart Research Institute (Canada)	Canada	100%	100%

20 Parent entity disclosures

As at, and throughout, the financial year ended 31 December 2021 the parent entity of the Group was Heart Research Institute Limited.

<i>In AUD</i>	2021	2020
	\$	\$
Result of parent entity		
Profit/ (loss) for the year	1,548,775	1,609,664
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,548,775</u>	<u>1,609,664</u>
Financial position of parent entity at year end		
Current assets	14,798,005	7,607,172
Total assets	47,546,177	44,410,289
Current liabilities	7,616,378	5,140,534
Total liabilities	8,982,731	7,395,618
Total funds of the parent entity comprising of:		
Reserves	3,367,777	2,745,544
Retained earnings	35,195,668	34,269,127
Total funds	<u>38,563,446</u>	<u>37,014,671</u>

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

21 Events after the reporting period

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

COVID-19 impact

The directors do not expect any significant impacts from the ongoing effects of the COVID-19 pandemic save for potential adverse effects on fundraising revenue. The directors will continue to monitor closely the results of the Group. The directors do not believe that COVID-19 will affect the Group's capacity to remain a going concern for the foreseeable future.

22 Information and declaration to be furnished under the Charitable Fundraising (NSW) Act, 1991

(a) Fundraising appeals conducted during the financial year

Mail appeal, Trader appeals and Support direct, Lotteries, Sundry campaigns and donations.

(b) Details of aggregate gross income and total direct expenses of fundraising

<i>In AUD</i>	2021	2020
	\$	\$
<i>Gross proceeds from fundraising appeals:</i>		
Mail appeals	294,149	229,473
Trader appeals and Support Direct	9,926,723	10,832,779
Lotteries	1,532,426	1,636,950
Sundry campaigns and general donations	116,752	157,954
	<u>11,870,050</u>	<u>12,857,156</u>
<i>Less total costs of fundraising appeals:</i>		
Mail appeals	82,500	84,107
Trader appeals and Support Direct	2,323,472	2,037,862
Lotteries	860,259	911,956
Sundry campaigns and general donations	33	578
	<u>3,266,264</u>	<u>3,034,503</u>
Net surplus raised from fundraising appeals	<u>8,603,786</u>	<u>9,822,653</u>

These Australian fundraising gross income and total direct expenses do not include the proceeds and costs associated with bequests.

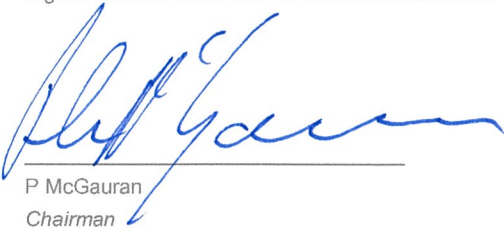
HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Directors' declaration - Australian Charities and Not-For-Profits Commission Act 2012

In the opinion of the directors of Heart Research Institute Limited (the Company):

- (a) the consolidated financial statements and notes, set out on pages 8 to 25, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 , including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance and its cash flows, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



P McGauran
Chairman

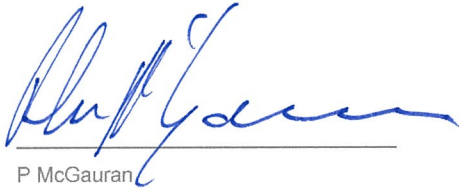
Dated at Sydney this 6th day of April 2022

HEART RESEARCH INSTITUTE LIMITED AND ITS CONTROLLED ENTITIES

Declaration by Chairman in respect of the:
Charitable Fundraising Act 1991 (NSW)
Charitable Fundraising Regulation 2021 (NSW)
(Collectively "The Act and Regulation")
For the year ended 31 December 2021

I, P McGauran, Chairman of Heart Research Institute Limited, declare, in my opinion:

- (a) the financial statements give a true and fair view;
- (b) the financial statements satisfies the requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2021 (NSW);
- (c) the internal controls exercised by The Heart Research Institute Limited are appropriate and effective; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



P McGauran
Chairman

Dated at Sydney this 6th day of April 2022



Independent Auditor's Report

To the members of the Heart Research Institute Limited

Opinion

We have audited the **Financial Report**, of the Heart Research Institute Limited and its controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards– Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2021.
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in funds, and Consolidated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration the Company.
- v. Declaration by the Chairman of Company.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other information

Other Information is financial and non-financial information in the Heart Research Institute Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - *Reduced Disclosures Requirements* and the *ACNC and ACNCR* and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.



Auditor's responsibilities for the audit of the Financial Report (continued)

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Warwick Shanks

Partner

KPMG Sydney

6 April 2022