



Financial Report 2010



discovery for a healthy tomorrow



Statement on Behalf of the Board of Governors

The following persons were members of the Menzies School of Health Research Board of Governors and Finance Committee for the year ended 31 December 2010

	<i>Board of Governors</i>			<i>Finance Committee</i>		
	<i>Meetings</i>			<i>Meetings</i>		
	<i>Member</i>	<i>Attended</i>	<i>Eligible</i>	<i>Member</i>	<i>Attended</i>	<i>Eligible</i>
Prof Simon Maddocks (Chair)	Y	4	4	N		
Ms Clare Martin (Dy Chair)	Y	1	2	N		
Dr Shane Houston	Y	2	4	N		
Ms Kate George	Y	4	4	N		
Mr Richard Ryan	Y	1	2	Y	1	1
Prof Jonathan Carapetis	Y	4	4	Y	2	3
Prof David Celermajor	Y	3	4	N		
Mr Bob Wells	Y	3	4	N		
Prof Bob Wasson	Y	4	4	N		
Mr Michael Martin (resigned 24 Apr 2010)	Y	1	1	Y	2	2
Mr Gary Barnes	Y	1	2	N		
Prof Barney Glover	Y	4	4	N		
Mr Ken Davies (resigned 24 Apr 2010)	Y	1	1	N		
Mr Peter Carew (resigned 24 Apr 2010)	Y	1	1	N		
Ms Cindy Shannon (resigned 18 Aug 2010)	Y	0	2	N		
Dr David Ashbridge(resigned 24 Apr 2010)	Y	1	1	N		
Mrs Sue Bradley	Non Board Member			Y	0	3

Principal Activities

During the year, the principal continuing activities of Menzies consisted of:

- a) Promoting a broad understanding of health that reflects underlying socioeconomic, environmental, health and disease;
- b) Conducting high quality multidisciplinary research, research training, and public health education with a focus on Indigenous, remote and tropical health;
- c) Advancing the local, national and international application of research findings to improve health;
- d) Advocating for research that will contribute to better health for people of the region; and
- e) Building strong partnerships with community groups, service providers, policymakers and other academic organisations.

There were no significant changes to the activities of Menzies during the 2010 year.

Review of Operations

In 2010 Menzies income increased by \$6.697m to \$37.342m from \$30.644m and with expenditure of \$32.563m an increase of \$5.658m from \$26.905m resulting in a net surplus of \$4.778m This is against a surplus of \$3.738m in 2009. The income and surplus figures need to be considered in light of increased grant funding in 2010.

Likely Developments and Expected Results of Operations

In 2010 Menzies commenced the fourth year of its Strategic Plan 2007 - 2011. At the core of this Strategic Plan is a commitment to research, education and training, and translation of research outcomes into policy and practice. Research activities will continue to have a major focus on Indigenous health, and be housed within six major, inter-disciplinary health research themes for the five years. These themes are: Child Health; Healing and Resilience; Global Health; Tropical and Emerging Infectious Diseases; Preventable Chronic Diseases; and Primary Health Care Systems.

Significant Changes in the State of Affairs

There were no significant changes in Menzies affairs during the 2010 year.

Matters subsequent to the End of the Financial Year

There are no matters subsequent to the end of the financial year that may significantly affect Menzies operations, results or state of affairs in future years

Environmental regulations

Menzies is subject to the following environment regulations:

- Gene Technology Act 2000 (amended 2008)
- Northern Territory Radiation Protection Act 2009
- Transport of Dangerous goods by road and rail (National Uniform Legislation) Act 2010
- Industry Code of Practice for the Management of Clinical & Related Wastes 5th Edition 2007

Insurance of Officers

Menzies has not for profit organisation insurance to insure the members of the board of Governors and the officer's of Menzies against any claim arising from the Menzies related activities. Cover is limited to \$5,000,000 in any one year and in 2010 the premium was \$9,790.

Proceedings on Behalf of Menzies School of Health Research

There were no legal proceedings undertaken by Menzies in the 2010 year and no legal proceedings taken against Menzies.

This report is made in accordance with a resolution of the members of the Menzies School of Health Research.


Chair
Board of Governors

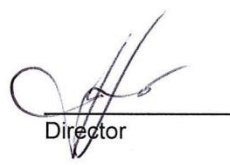
Location Darwin

11th May 2011


Treasurer
Board of Governors

Location Darwin

11th May 2011


Director

Location Darwin

11 May 2011

Menzies School of Health Research
Annual financial report – 31 December 2010

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Income Statement
Menzies School of Health Research for the Year Ended 31 December 2010

	Notes	2010 \$	2009 \$
Income from continuing operations			
Australian Government financial assistance	2	20,275,487	14,889,998
NT Government funding	3	6,223,675	4,327,545
Fees and charges	4	2,244,855	3,402,398
Investment income	5	2,158,578	1,374,229
Consultancy and contract research	6	4,692,057	4,926,950
Gain (loss) on disposal of assets	7	5,167	-
Other revenue	7	1,742,085	1,722,975
Total revenue from continuing operations		37,341,903	30,644,094
Total income from continuing operations			
		37,341,903	30,644,094
Expenses from continuing operations			
Employee related expense	8	20,895,003	17,016,519
Depreciation	9	341,438	405,549
Repairs and maintenance	10	537,742	554,017
Bad and doubtful debts	13	-	(33,000)
Other expenses	11	10,789,037	8,962,488
Total expenses from continuing operations		32,563,219	26,905,573
Operating result from continuing operations		4,778,684	3,738,521
Operating result attributable to members of MSHR			
		4,778,684	3,738,521

* To be read in conjunction with the Notes to the Financial Statements

Statement of Comprehensive Income
Menzies School of Health and Research for the Year Ended 31 December 2010

	2010 \$	2009 \$
Operating result for the year	4,778,684	3,738,521
Gain (loss) on revaluation of investments	<u>(24,951)</u>	18,673
Total Comprehensive Income	<u>4,753,733</u>	<u>3,757,194</u>
Total Comprehensive Income attributable to the members of MSHR	<u>4,753,733</u>	<u>3,757,194</u>

* To be read in conjunction with the Notes to the Financial Statements

Statement of Financial Position
Menzies School of Health Research as at 31 December 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	36,712,746	33,993,268
Account held in trust	29	-	803,069
Trade and other receivables	13	3,863,779	1,335,603
Other non financial assets	15	624,336	439,978
Total Current Assets		41,200,861	36,571,918
Non-Current Assets			
Property, plant and equipment	16	848,234	989,790
Other financial assets	14	27,391	51,984
Total Non-Current Assets		875,625	1,041,774
Total Assets		42,076,486	37,613,692
Current Liabilities			
Trade and other payables	17	632,586	663,738
Account held in trust	29	-	803,069
Provisions	18	2,310,107	1,682,175
Other liabilities	19	87,075	16,916
Total Current Liabilities		3,029,769	3,165,898
Non-Current Liabilities			
Provisions	18	217,790	372,599
Total Non-Current Liabilities		217,790	372,599
Total Liabilities		3,247,559	3,538,497
Net Assets		38,828,928	34,075,194
Equity			
Reserves	20	3,475,969	3,159,483
Retained earnings	21	35,352,959	30,915,711
Total Equity		38,828,928	34,075,194

* To be read in conjunction with the Notes to the Financial Statements

Statement of Changes in Equity
Menzies School of Health and Research for the Year Ended 31 December 2010

	Reserves (Note 20)	Retained Surplus (Note 21)	Total
Balance at 1 January 2009	2,479,162	27,838,838	30,318,000
Profit or Loss	-	3,738,521	3,738,521
Net Revaluation loss on investments	18,673	-	18,673
Total Comprehensive Income	2,497,835	31,577,359	34,075,194
Transfers	661,648	(661,648)	-
Balance at 31 December 2009	3,159,483	30,915,711	34,075,194
Balance at 1 January 2010	3,159,483	30,915,711	34,075,194
Profit or Loss	-	4,778,684	4,778,684
Net Revaluation loss on investments	(24,951)	-	(24,951)
Total Comprehensive Income	3,134,532	35,694,395	38,828,928
Transfers	341,437	(341,437)	-
Balance at 31 December 2010	3,475,969	35,352,959	38,828,929

* To be read in conjunction with the Notes to the Financial Statements

Statement of Cash Flows
Menzies School of Health Research for the Year Ended 31 December 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Australian Government grants		18,956,901	14,886,648
NT Government funding		6,003,374	3,977,556
Receipts from Student Fees		2,244,855	99,219
Interest received		2,158,220	1,078,333
Other Grant receipts		3,301,134	4,928,617
Other receipts		1,918,963	6,344,072
Payments to suppliers		(11,247,375)	(9,697,819)
Payments to employees		(20,421,880)	(16,620,640)
Net cash provided by operating activities	27	2,914,193	4,995,986
Cash flows from investing activities			
Share dividends received		-	252
Proceeds from sale of plant and equipment		9,591	-
Payments for property, plant and equipment		(204,307)	(457,332)
Payment for financial assets		-	-
Net cash outflow from investing activities		(194,716)	(457,080)
Net increase in cash and cash equivalents		2,719,478	4,538,906
Cash and cash equivalents at the beginning of the year	12	33,993,268	29,454,364
Cash and cash equivalents at end of the year	12	36,712,746	33,993,268

* To be in conjunction with the Notes to the Financial Statements

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

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INTRODUCTION

The Menzies School of Health Research (Menzies) was established as a body corporate of the Northern Territory Government under the Menzies School of Health Research Act, No 60 of 1985. Menzies School of Health Research operates as a medical research institute within the Northern Territory of Australia.

The principal place of business is:

Building 58, Royal Darwin Hospital Campus,
Rocklands Drive, Tiwi, Northern Territory 0810, Australia
Telephone Number: +61 8 8922 8196

Under the Menzies School of Health Research Amendment Act ('the Act') assented to on 29 August 2003 and coming into force on 1 January 2004, Menzies School of Health Research became a controlled entity of Charles Darwin University. The Act stipulates that the Charles Darwin University will be responsible for nominating seven of the 13 board positions required under the Act.

Menzies School of Health Research is still required to furnish an annual report and audited financial statements at an annual general meeting, however, the results will be consolidated with those of the Charles Darwin University.

Operations and principal activities

Menzies School of Health Research mission is to improve the health of people of northern and central Australia and regions to the near north through multidisciplinary research and education by:

- Promoting a broad understanding of health that reflects underlying socioeconomic, environmental, health and disease.
- Conducting high-quality multidisciplinary research, research training and public health education with a focus on Indigenous, remote and tropical health.
- Advancing the local, national and international application of research findings to improve health.
- Advocating for research that will contribute to better health for people of the region.
- Building strong partnerships with community groups, service providers, policymakers, and other academic organisations.

Currency

The financial report is presented in Australian dollars and rounded to the nearest dollar.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards, AASB Interpretations, the requirements of the Department of Education, Employment and Workplace Relations and other State/Australian Government legislative requirements

Compliance with IFRS

The financial statements and notes of Menzies School of Health Research comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The financial statements were authorised for issue by the members of Menzies School of Health Research on 31 March 2011.

Menzies School of Health Research is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards, including Australian Equivalents to International Financial Reporting Standards (AEIFRS), the statement that this financial report complies with IFRS cannot be made.

Adoption of New Australian Accounting Standard Requirements

In the current year, Menzies has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the entity's accounting policies. Menzies School of Health Research adopted *AASB 101 Presentation of Financial Statements (revised 2007)* effective 1 January 2009.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by certain classes of property, plant and equipment being recognised at fair value through profit and loss.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the MSHR accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

b. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The organisation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the organisation's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. MSHR bases its estimates on historical costs, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(1) Government Grants

MSHR treats operating grants received from Australian Government entities as income in the year of receipt.

Grants from the government are recognised at their fair value where the School obtains control of the right to receive the grant. It is probable that economic benefits will flow to the School and it can be reliably measured.

(2) Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(3) Other income

All other income is recognised when it is earned and can be reliably measured.

c. Employee Benefits

(i) Wages & Salaries

Liabilities for short term employee benefits including wages and salaries, non-monetary benefits due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Annual Leave and Sick Leave

The liability for long-term employee benefits such as annual leave and accumulating sick leave is recognised in current provisions for employee benefits as it is not due to be settled within 12 months after the end of the reporting period. It is measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non current liability.

(iii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

(iv) Retirement benefit obligations

All employees of the group are entitled to benefits on retirement, disability or death from the organisation's superannuation plan. The organisation has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the organisation and the organisation's legal or constructive obligation is limited to these contributions.

(v) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The organisation recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

d. Tax Income

Menzies is exempt from income tax pursuant to the provisions of Section 50-5 of the Income Tax Assessment Act, 1997.

e. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

f. Depreciation

Depreciation is calculated on a straight line (except for Motor Vehicles which is calculated on a diminishing value) basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used consistently in both years in the calculation of depreciation:

. Leasehold Improvements	5 years
. Plant and Equipment	3-5 years
. Motor Vehicles	4.4 years

g. Impairment of Assets

The carrying values of all assets are reviewed for impairment at each reporting date with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying amount may be impaired. Menzies values the recoverable amount of plant and equipment at the equivalent to its depreciated replacement cost. Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, when the impairment loss will be treated as a revaluation decrement.

h. Property Plant & Equipment

Plant & equipment is stated at historical cost, less depreciation and impairment, except where plant & equipment has undergone a valuation by an external independent valuer, where it is stated at fair value, less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Gains and losses on disposal of plant and equipment are taken into account in determining the result for the year.

i. Trade and other receivables

Trade and other receivables are recognised initially at fair value less provision for impairment. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written-off to the Profit & Loss account as incurred.

j. Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. The amounts are unsecured and are usually paid within 30 days of recognition.

k. Investments and other financial assets

Shares

Menzies holds publicly listed shares that have been donated to the School. These shares are not actively traded and are designated as available for sale instruments. Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the ' financial assets at fair value through profit and loss' category are included in the income statement within other income or expenses in the period in which they arise

l. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where accounts at financial institutions are overdrawn, balances are shown in current liabilities on the balance sheet.

m. Joint Ventures

Where Menzies has an interest in a joint venture where joint control exists, its interest is accounted for using the equity method. Under this method, the share of the profits or losses of the entity is recognised in the income statement, and the share of the movements in the reserves is recognised in reserves in the statement of financial position.

Where Menzies has an interest in a joint venture where control does not exist, Menzies' share in the joint venture is detailed in a note to the financial statements as if it were recorded in the body of the financial accounts. Details relating to Menzies' joint venture termination are set out in note 24.

n. Leases

Menzies leases property for their Winnellie office as also for office space at Adelaide and Brisbane, as also for a motor vehicle and some items of office equipment..These are leases in which a significant portion of the risks and rewards are retained by the lessor, and hence classified as operating leases. payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis, over the period of the lease

o. Adoption of new Australian Accounting Standards Requirements

No accounting standards have been adopted earlier than the application date as noted in the standard.

New standards, revised standards, interpretations or amending standards that were issued prior to the signing of the statement on behalf of the Board of Governors, and are applicable to the current reporting period did not have a financial impact and are not expected to have a future financial impact on Menzies.

p. Future Australian Accounting Standards Requirements

New standards, revised standards, interpretations or amending standards issued by the Australian Accounting Standards Board prior to the signing of the statement on behalf of the Board of Governors, that are applicable to future reporting period are not expected to have a future financial impact on Menzies.

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 2. AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE	2010 \$	2009 \$
National Health & Medical Research Council grants	11,079,649	8,291,482
Australian Research Council	39,806	-
Australian Agency for International Development (AusAid)	1,693,587	1,471,881
Department of Health & Aged Care grants	7,462,445	5,126,635
Total Australian Government Financial Assistance	20,275,487	14,889,998
NOTE 3. NORTHERN TERRITORY GOVERNMENT FINANCIAL ASSISTANCE	2010 \$	2009 \$
NT Government other grant funding	6,223,675	4,327,545
Total Northern Territory Government Financial Assistance	6,223,675	4,327,545
NOTE 4. FEES AND CHARGES	2010 \$	2009 \$
Course fees and charges		
Fee-paying overseas students	74,400	81,640
Fee-paying domestic postgraduate students	829,220	592,662
Total course fees and charges	903,620	674,302
Other Fees and charges		
Administration receipts	36,749	91,762
CRC Reimbursements	1,304,486	2,636,334
Total other fees and charges	1,341,235	2,728,097
Total Fees and Charges	2,244,855	3,402,398
NOTE 5. INVESTMENT INCOME	2010 \$	2009 \$
Interest	2,158,578	1,374,229
Total Investment Income	2,158,578	1,374,229
NOTE 6. CONSULTANCY AND CONTRACT RESEARCH	2010 \$	2009 \$
Consultancies	400,288	369,245
Contract Research	4,291,768	4,557,705
Total Consultancy and Contract Research	4,692,057	4,926,950
NOTE 7. OTHER REVENUE	2010 \$	2009 \$
Menzies Foundation	150,000	150,000
Charles Darwin University	1,429,519	1,254,585
Gain (loss) on disposal of assets	5,167	-
Donations	147,027	212,914
Other	15,539	105,476
Total Other Revenue	1,747,252	1,722,975

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 8. EMPLOYEE RELATED EXPENSES	2010 \$	2009 \$
Research:		
Salaries	12,994,406	9,581,592
Superannuation	1,598,366	1,213,746
Payroll tax	808,290	499,256
Worker's compensation	88,602	69,204
Long services leave expense	193,547	140,268
Leave Loading	209,457	159,115
Annual leave	1,517,459	1,130,157
Total Research	17,410,127	12,793,339
Education and Training:		
Salaries	405,048	356,600
Superannuation	39,227	38,501
Payroll tax	25,532	16,652
Worker's compensation	2,762	2,576
Long services leave expense	6,169	5,538
Leave Loading	6,462	5,985
Annual leave	46,985	39,824
Total Education	532,185	465,676
Non Research and Education:		
Salaries	2,214,706	2,688,891
Superannuation	363,104	402,356
Payroll tax	(82,450)	125,563
Worker's compensation	15,101	19,422
Long services leave expense	(4,181)	80,652
Leave Loading	79,073	34,576
Annual leave	367,339	406,047
Total Non-Research and Education	2,952,691	3,757,504
Total Employee Benefits	20,895,003	17,016,519
NOTE 9. DEPRECIATION	2010 \$	2009 \$
Plant and Equipment	321,171	340,631
Leasehold Improvements	3,759	40,909
Motor Vehicles	16,508	24,009
Total Depreciation	341,438	405,549
NOTE 10. REPAIRS AND MAINTENANCE	2010 \$	2009 \$
General	98,510	167,715
Maintenance Contracts	439,232	386,301
Total Repairs and Maintenance	537,742	554,017

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 11. OTHER EXPENSES	2010 \$	2009 \$
Administration	5,347	116,369
Communications	174,092	285,677
Consultants	904,475	742,451
Education	82,579	156,139
Equipment Costs	242,845	265,426
Information Technology	314,609	422,784
Insurance	190,412	221,889
Joint Venture Costs - CRC	200,000	200,000
Laboratory	649,720	681,149
Licences, Memberships, Fees and Charges	119,378	201,465
Materials	158,885	75,552
Research Project Costs	2,923,478	1,476,959
Scholarship Payments	404,578	410,547
Stationery, Printing and Postage	309,756	231,403
Travel, Staffing and Related Costs	2,960,401	2,589,897
Utilities and Facilities Management	333,846	346,395
Other	814,634	538,386
Total Other Expenses	10,789,037	8,962,488

NOTE 12. CASH AND CASH EQUIVALENTS	2010 \$	2009 \$
Cash at Bank	2,945,458	3,466,575
Term Deposits & Call Accounts	33,767,288	30,526,694
Total cash and cash equivalents	36,712,746	33,993,268

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

Balance as per statement of cash flows	36,712,746	33,993,268
--	------------	------------

(b) Term deposits

The term deposits have a fixed average interest rate of 6.09% (2009 - 5.69%) and an average maturity of 145 days.

NOTE 13. TRADE AND OTHER RECEIVABLES	2010 \$	2009 \$
Current		
Debtors	3,863,779	1,335,603
Less: Provision for impairment	-	-
Total current receivables	3,863,779	1,335,603
Non current		
Debtors	-	-
Less: Provision for impairment	-	-
Total current receivables	-	-
Total receivables	3,863,779	1,335,603

(a) Impaired receivables

The ageing of these receivables is as follows:

	2010 \$	2009 \$
3 to 6 months	-	-
Over 6 months	-	-
	-	-

Movements in the provision for impaired receivables are as follows:

	2010 \$	2009 \$
At 1 January	-	33,000
Provision for impairment recognised (reversed) during the year	-	(33,000)
Receivables written off during the year as uncollectible	-	-
	-	-

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 14. OTHER FINANCIAL ASSETS	2010 \$	2009 \$
Non-current		
Australian listed equity securities available for sale	27,391	51,984
Total Investments	27,391	51,984

Menzies also received shares to the total value \$358 as part of a AGL Limited dividend reinvestment plan.

NOTE 15. OTHER NON-FINANCIAL ASSETS	2010 \$	2009 \$
Accrued Revenue	426,073	201,158
Prepaid Expenses	156,877	197,433
Other Assets	41,386	41,386
Total Other Assets	624,336	439,978

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Property	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Year ended 31 December 2009				
Opening net book amount	49,635	837,977	50,395	938,007
Additions	0	413,137	44,195	457,332
Disposals	-	-	-	-
Depreciation charge	(40,909)	(340,631)	(24,009)	(405,549)
Closing net book amount	8,726	910,483	70,580	989,790
At 31 December 2009				
- Cost	708,035	-	-	708,035
- Valuation	-	2,680,331	242,315	2,922,646
Accumulated depreciation	(699,310)	(1,769,847)	(171,735)	(2,640,892)
Net book amount	8,726	910,483	70,580	989,790

	Leasehold Property	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Year ended 31 December 2010				
Opening net book amount	8,726	910,483	70,580	989,789
Additions	-	165,747	38,560	204,307
Disposals	-	-	(21,337)	(21,337)
Depreciation charge	(3,759)	(321,171)	(16,508)	(341,437)
Write-Back Accumulated Depreciation	-	-	16,913	16,913
Closing net book amount	4,967	755,059	88,208	848,234
At 31 December 2010				
- Cost	708,035	165,747	38,560	912,342
- Valuation	-	2,680,331	220,979	2,901,310
Accumulated depreciation	(703,069)	(2,091,017)	(171,331)	(2,965,417)
Net book amount	4,967	755,060	88,208	848,234

NOTE 17. TRADE AND OTHER PAYABLES	2010 \$	2009 \$
Trade and Other Payables	177,379	401,089
Accrued Expenses	455,208	262,650
Total Payables	632,586	663,738

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 18. PROVISIONS	2010 \$	2009 \$
Current Provisions expected to be settled within 12 months		
Employee benefits		
- Annual leave	1,548,542	1,011,292
- Leave Loading	161,179	86,485
- Staff Liabilities	5,340	956
- Long service leave	595,046	583,442
Total Current	2,310,107	1,682,175
Non-Current		
Employee benefits		
- Annual leave	-	170,983
- Long service leave	217,790	201,617
Total Non-Current	217,790	372,599
Total Provisions	2,527,897	2,054,775
 NOTE 19. OTHER LIABILITIES	 2010 \$	 2009 \$
GST Payable	44,362	(40,348)
Revenue Received in Advance	1,273	57,264
Credit Card Clearing	41,440	-
Total Other Liabilities	87,075	16,916

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 20. RESERVES	2010 \$	2009 \$
(a) Reserves Comprise		
Revaluation Reserve	52,903	52,903
Capital Asset Reserve	3,391,220	3,049,783
Investment Revaluation Reserve	31,845	56,796
Total Reserves	3,475,968	3,159,483
(b) Movement In Reserves		
Revaluation Reserve		
Balance at the Beginning of the Financial Year	52,903	52,903
Assets retired transferred to equity	-	-
Balance at the End of the Financial Year	52,903	52,903
Capital Assets Reserve		
Balance at the Beginning of the Financial Year	3,049,783	2,388,135
Plus: Annual Contribution transferred from retained earnings	341,437	661,648
Balance at the End of the Financial Year	3,391,220	3,049,783
Investment Revaluation Reserve		
Balance at the Beginning of the Financial Year	56,796	38,123
Increment/(Decrement)	(24,951)	18,673
Balance at the End of the Financial Year	31,845	56,796

Nature and purpose of reserves

Revaluation reserve

The Revaluation Reserve is used to record increases in the fair value of assets and decreases to the extent that such decreases relate to an increase on the same asset previously recorded in equity.

Capital Assets Reserve

In recognition of the need to plan for the purchase of large capital items, the Governing Board approved the establishment of a Capital Assets Reserve. Amounts transferred to the Capital Assets Reserve are calculated on an annual basis as follows:

- an amount equal to the depreciation expense recorded for that year
- an amount equal to twenty (20) per cent of any surplus generated by the administration cost centre
- an amount equal to ten (10) per cent of any surpluses generated from those research projects that are not tied to grant funding and have been undertaken on a fee for service basis

Investment revaluation reserve

The Investment Revaluation Reserve is used to record increases in the fair value of investments and decreases to the extent that the reserve has available funds.

NOTE 20.1 RESTRICTED RESERVES -NEW BUILDINGS

An amount of \$10,758,660.08 showing as part of retained earnings has actually been received for the construction of new buildings. These funds have been received and brought to account in earlier years but by the terms of the funding bodies are required to be retained separately for construction purposes.

Notes to the Financial Statements
MENZIES SCHOOL OF HEALTH RESEARCH
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 21. RETAINED EARNINGS	2010 \$	2009 \$
Balance at the Beginning of the Financial Year	30,915,711	27,838,838
Operating Result	4,778,684	3,738,521
Transfers to Reserve	(341,437)	(661,648)
Balance at the End of the Financial Year	35,352,958	30,915,711

21.1 ANALYSIS OF NET SURPLUS

Surplus/(Deficit) for the year includes revenue received for research projects that have a life beyond the end of the financial year. Revenue received for these projects is recognised in the year of receipt. Future commitments for these projects will extend beyond the year the income was received for those projects.

Administration Surplus/(Deficit)	(342,160)	513,413
Research Project Surplus	5,120,844	3,225,108
Total Net Surplus	4,778,684	3,738,521

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

The following persons were responsible persons of Menzies during the year:

Prof Simon Maddocks - Chair	Dr Shane Houston - Board Member
Ms Clare Martin - Deputy Chair	Mr Jeffrey Moffet - Board Member
Mr Richard Ryan - Treasurer	Mr Gary Barnes - Board Member
Prof Barney Glover - Board Member	Mr Bob Wells - Board Member
Prof Bob Wasson - Board Member	Prof Jonathan Carapetis - Director
Ms Kate George - Board Member	Prof David Celamajer - Board member
Ms Cindy Shannon - Board Member (resigned 18 Aug 2010)	Mr Michael Martin Treasurer part year
Ms Adrienne Farago - Executive officer	Mr Peter Carew- Board Member (resigned 24 Apr 2010)
Dr David Ashbridge-Board Member (resigned 24 Apr 2010)	Mr Ken Davies-Board Member (resigned 24 Apr 2010)
Mr David Blair-Financial Controller	

(b) Other key management personnel - members of Menzies Executive Committee

Ms Vicki Taylor	Mr Ross Andrews	Ms Heather D'Antoine
Chief Operating Officer	Associate Director	Associate Director
	Research & Education	Aboriginal Programs

All the above persons were also key management persons during the year ended 31 December 2010

(c) Remuneration of responsible persons

Income paid or payable or otherwise made available to Board members and executive officers in connection with the management of affairs of Menzies:

	2010	2009
Nil to \$9,999	16	13
\$ 10,000 to \$ 19,999		
\$ 40,000 to \$ 59,999	1	
\$ 60,000 to \$ 69,999	1	
\$ 90,000 to \$ 99,999	1	1
\$ 110,000 to \$ 119,999	1	
\$ 140,000 to \$ 149,999		
\$ 150,000 to \$ 159,999	1	1
\$ 210,000 to \$ 219,999		1
\$ 460,000 to \$ 469,999	1	1

(c) Loans and other transactions with key management personnel

During the 2010 financial year no loans or other related party transactions were made to any Board members or executive officers.

(d) Key management personnel compensation

	2010 \$	2009 \$
Short-term employee benefits	836,083	747,506
Post employee benefits	101,612	112,645
	937,695	860,151

NOTE 23. RELATED PARTIES

(a) Parent entity

As of 1 January 2004 Menzies became a controlled entity of Charles Darwin University (CDU). Whilst Menzies retains its own Act of Parliament, CDU exercises its control over Menzies by having the power to nominate seven of the 13 members of the Board of Directors.

(b) Board Members and specified executives

Disclosures relating to Board members and specified executives are set out in note 22.

(c) Transactions with related parties

In 2010 Menzies received student fee income of \$753,388 from CDU (2009 \$568,103). The income was earned by Menzies from students enrolled with CDU but undertaking all course work with the Education Section of Menzies. The terms and conditions governing the payment of these fees to Menzies is covered in Attachments One and Two of the Memorandum of Understanding signed between Menzies School of Health Research and Charles Darwin University in March 2004. In Summary, these conditions state:

According to an agreed formula based on student load projections, consistent with the normal budgetary process of both institutions, domestic students currently enrolled as HECS students with CDU will be entitled to complete their courses as HECS students, subject to reasonable academic progress and consistent with DEST policies. CDU will provide Menzies 70% of the dollar value per EFTSU for 2004. This will be reviewed annually.

Menzies received Research Infrastructure Block Grants (RIBG) payments of \$890,122 (2009 \$822,597); Sustainable Research Excellent (SRE) payments of \$221,048 (2009 NIL); Joint Research Engagement (JRE) payments of \$310,909 (2009 NIL)

NOTE 24: INTEREST IN JOINT CONTROLLED ENTITIES

Menzies acted as Centre agent in respect of an agreement between the Commonwealth Govt, the Northern Territory Government, Charles Darwin University, and several other Universities and Aboriginal Corporations, in the establishment of a Cooperative Research Centre for Aboriginal Health (CRAH). The principal activity of the CRAH was the development of a cross cultural framework for strategic research into Aboriginal Health. Under AASB 131 joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The Centre Agreement, signed by all participants in the venture states in clause 9.16 that the board will make decisions by simple majority. As such Menzies had decided that its interest in the CRAH did not meet the requirements of AASB 131 and therefore does not recognise its share of the venture in the body of the financial statements.

The Centre agreement referred to in para 1 terminated by agreement with all the parties concerned on 31 Dec 2009

The activities of the CRAH have now been taken over by the Lowitja Institute in Melbourne who are a body corporate and the new owners of the CRAH and its resultant assets and liabilities.

Menzies has in the circumstances decided that the requirement to identify an output interest in its Financial statements as in previous years does not apply including the requirement to show its interest in the joint venture

NOTE 25. ECONOMIC DEPENDENCY

The management and operational ability of grant funded projects by Menzies is dependent on continued funding from the Northern Territory Government as well as the Australian Government.

NOTE 26. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no material events subsequent to the financial reporting date of 31 December 2010.

NOTE 27. RECONCILIATION OF OPERATING RESULT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	\$	\$
Operating Result	4,778,684	3,738,521
Depreciation	341,438	405,549
Dividends received	-	(252)
Dividend Plan Allotment/Issue of Bonus Shares	(358)	(910)
Net (profit)/loss on disposal of asset	(5,167)	-
	5,114,598	4,142,908
Changes in Assets and Liabilities		
(Increase)/Decrease in receivables	(2,528,176)	(132,410)
(Increase)/Decrease in prepayments	40,556	(45,001)
(Increase)/Decrease in residential deposits	-	(31,386)
(Increase)/Decrease in accrued revenue	(224,915)	867,356
Increase /(Decrease) in payables (trade and other)	(238,422)	(157,584)
Increase/(Decrease) in accrued expenses	192,559	51,393
Increase/(Decrease) in GST payable	84,710	(31,735)
Increase/(Decrease) in other liabilities	160	(63,433)
Increase/(Decrease) in employee provisions	473,123	395,878
	(2,200,405)	853,078
Net Cash Generated From/(Used) in Operating Activities	2,914,193	4,995,985

Note 28 FINANCIAL RISK MANAGEMENT

Menzies activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Menzies overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Menzies. Menzies does not use derivative financial instruments such as foreign exchange contracts and interest swaps to hedge certain risk exposures. Menzies uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the executive officer under policies approved by the Board of Directors. Menzies identifies, evaluates and hedges financial risks in close co-operation with Menzies operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Menzies has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency, and Menzies statement of financial position can be effected by movement in US\$/Euro/A\$ exchange rates.

Considering the limited exposure to these risks, Menzies does not engage in any form of hedging.

There has been no change in Foreign exchange risk since the previous period

(ii) Price risk

Menzies exposure to commodity and equity securities risk is minimal.

Equity securities price risk arises from investments in equity securities. The equity investments are comparatively minor in terms of Menzies total assets and are publicly traded on the ASX. The price risk for these securities is immaterial in terms of a possible impact on profit and loss or total equity and such a sensitivity analysis has not been completed.

(iii) Interest rate risk

Menzies is exposed to market interest rate relates primarily to its investments in term deposits.

Menzies monitors the future predicted interest rates and manages cash reserves by negotiating with financial institutions on term deposit rates. The finance committee are informed of the management of Menzies Cash Reserves

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of Menzies financial assets to interest rate risk. Menzies Financial Controller prepared the table based on the significant areas of risk being cash and cash equivalents. Interest rate risk is set at 2% movement based on leading economic data at 31 December 2010.

		Interest rate risk				Foreign exchange risk				Other price risk			
		-2%		2%		-2%		↑5%		-5%		↑5%	
31 December 2010	Carrying amount	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
Financial assets													
Cash and cash equivalents	36,712,746	(734,255)	(734,255)	734,255	734,255	-	-	-	-	-	-	-	-
		Interest rate risk				Foreign exchange risk				Other price risk			
		-2%		2%		-5%		↑5%		-5%		↑5%	
31 December 2009	Carrying amount	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
Financial assets													
Cash and cash equivalents	33,993,268	(679,865)	(679,865)	679,865	679,865	-	-	-	-	-	-	-	-

(b) Credit risk

Credit risk arises from the financial assets of Menzies, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets. Menzies exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets.

Menzies does not hold any credit derivatives to offset its credit exposure.

Menzies trade only with recognised, creditworthy third parties, and as such collateral is not requested nor is it Menzies policy to securities its trade and other receivables.

In addition, receivable balances are monitored on a ongoing basis with the result that Menzies experience of bad debts has not been significant.

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of Menzies and Menzies subsequent ability to meet their obligations to repay their financial liabilities as and when they are fall due.

Menzies manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis.

Menzies manages liquidity risk by monitoring and reporting to the finance committee payables over 60 days.

There has been no change in liquidity risk from previous period.

(d) Fair value estimation

The carrying amount of cash and cash equivalents approximates fair value because of their short-term to maturity.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature

Investments in Publicly Listed Shares are stated at market value at 31/12/2010

NOTE 29. ACCOUNT HELD IN TRUST (COOPERATIVE RESEARCH CENTRE FOR ABORIGINAL HEALTH)

Menzies School of Health Research, in its role as the Centre Agent for the Cooperative Research Centre, established an account in trust in the name of the Cooperative Research Centre for Aboriginal Health. All funds from the Commonwealth of Australia and other contributing participants are received by Menzies in trust, on behalf of all participants. Expenses reimbursed to Menzies are shown in Menzies' accounts. Receipts, expenditure and balances of the Cooperative Research Centre as managed by Menzies are summarised below. Menzies has since relinquished the position of Centre Agent effective 31 March 2010, which has now been taken over by the Lowitja Institute based in Melbourne.

	2010	2009
	\$	\$
Opening Balance	803,069	2,885,541
Receipts	343,390	2,368,379
Expenditure	(1,146,459)	(4,450,851)
Closing Balance	-	803,069

NOTE: 30 REMUNERATION OF AUDITORS

Menzies is responsible for payment of Audit services to the Auditor General. Total payments amounted to \$25,619 (\$29,114 in 2009)

Note: 31 COMMITMENTS
Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities,

Within one year	289,537	147,865
Later than one year but not later than five years	93,608	-
Later than five years	-	-
	383,145	147,865

Representing:

Cancellable operating leases	383,145	295,729
Non-cancellable operating leases	-	-
Future finance charges on finance leases	-	-
	383,145	295,729

(i) Operating leases

20 Catherthun St, Winnellie

Lease over upper level of 20 Catherthun St, Winnellie - Lettable Area : Buildings approx 966sqm

Rental and Terms of Payment : The initial rental shall be \$199,365 per annum (inclusive of GST) to be in equal monthly payments in advance with the first payment due upon the signing of this Agreement to lease.

Term of Lease : Two (2) YEARS

Option Period : Two (2) terms of six (6) months each

Commencement Date : 7th July 2010

19-21 Buchanan St, West End

Lease on 19-21 Buchanan St, West End, Qld, 4101 and 5 parking bays.

Rental and Term of Payment: The initial rental shall be \$99,440 inclusive of outgoings plus 5 parking bays per annum (inclusive GST) to be in equal monthly payments in advance with the security bonds of an amount equal to 3 months' rent (\$26,509.98 inclusive GST) immediately

Term of Lease: 12 months

Option Period: 12 months

Commencing Date: 13th July 2009

Adelaide

Lease on Suite 12,15 Fullarton Rd, Kent Town and 7 parking bays.

Rental and Term of Payment: The initial rental shall be \$63,855 including the 7 parking bays per annum (inclusive GST) to be in equal GST) to be in equal monthly payments in advance.

Term of Lease: 1 year and 1 month and four days

Option Period: 12 months

Commencing Date: 27th July 2009

(ii) other expenditure commitments

	2010	2009
	\$	\$
Within one year	311,625	200,000
Later than one year but not later than five years	792,148	900,000

CERTIFICATE TO THE BOARD OF GOVERNORS

To the best of our knowledge and belief -

- the attached financial statements and notes thereto comply with the *Menzies Act*, applicable Australian Accounting Standards, conform to the Department of Education, Employment and Workplace Relations (DEEWR) Financial Statement Guidelines for Australian Higher Education Providers for the 2010 Reporting Period and other mandatory professional reporting requirements in Australia, the financial position of Menzies as at 31 December 2010, the results of its operations and its cash flows for the year then ended;
- the attached financial statements are in accordance with the accounts and records of Menzies and give a true and fair view of the financial position and performance;
- internal controls over financial reporting have been effective throughout the reporting period;
- at the time of signing of this statement, there are reasonable grounds to believe that Menzies will be able to pay its debts as and when they become due and payable;
- that the amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended; and
- Menzies has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.



Jonathan Carapetis
Director
Darwin
Date: 4.5.11



David Blair
Financial Controller
11th May 2011



Auditor-General

Independent Auditor's Report to the Minister for Health Menzies School of Health Research Year Ended 31 December 2010

I have audited the accompanying financial report of Menzies School of Health Research, which comprises the statement of financial position as at 31 December 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Board of Governors for the Financial Report

The Board of Governors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 and fair presentation of the financial report 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 Board of Governors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Menzies School of Health Research as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

F McGuiness

Auditor-General for the Northern Territory
Darwin, Northern Territory

16 May 2011