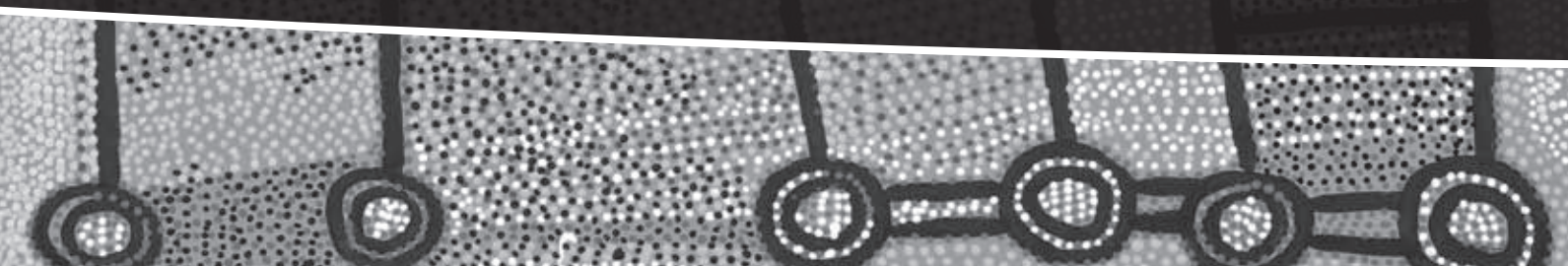


**menzies**  
school of health research

# Financial Reports 2009

*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 2009.

	Board of Governors			Finance Committee		
	Member	Meetings Attended	Eligible	Member	Meetings Attended	Eligible
Prof Simon Maddocks (chair)	Y	4	4	N		
Mr Michael Martin	Y	4	4	Y	4	4
Dr Shane Houston	Y	2	4	N		
Ms Kate George	Y	2	2	N		
Mr Peter Carew	Y	4	4	Y	3	4
Prof Jonathan Carapetis	Y	4	4	Y	4	4
Prof David Celamajer	Y	3	4	N		
Mr Bob Wells	Y	4	4	N		
Prof Bob Wasson	Y	4	4	N		
Dr David Ashbridge	Y	3	4	N		
Mr Ken Davies	Y	4	4	N		
Prof Barney Glover	Y	3	4	N		
Mrs Sue Bradley	Non Board Member			Y	3	4

## Principal Activities

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

- 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; and
- 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 2009 year.

## Review of Operations

In 2009 Menzies income decreased by \$9.508m to \$30.644m from \$40.152m and with expenditure of \$26.905m an increase of \$3.014m from \$23.891m resulting in a net surplus of \$3.738m this is against a surplus of \$16.222m in 2008. The income and surplus figures need to be considered in light of the \$9.5m infrastructure funds that were received in 2008.

## Strategic Review of Operations

In 2009 Menzies commenced the third 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; International Health; Tropical and Emerging Infectious Diseases; Preventable Chronic Diseases; and Services, Systems and Society.

## Significant Changes in the State of Affairs

There were no significant changes in Menzies affairs during the 2009 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 Regulations 2002
- Northern Territory Radiation (Safety Control) Regulation
- Northern Territory Dangerous Goods (Road and Rail Transport Act)
- Waste disposal on Royal Darwin Hospital Campus Regulation

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 2009 the premium was \$9,790.

Proceedings on Behalf of Menzies School of Health Research

There were no legal proceedings undertaken by Menzies in the 2009 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	Treasurer Board of Governors	Director
Location <u>Adelaide</u>	Location <u>Darwin</u>	Location <u>Darwin</u>
<u>11<sup>th</sup></u> May 2010	<u>13</u> May 2010	<u>13</u> May 2010



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The financial report was authorised for issue by the Director and Financial Controller on 30th April 2010. Menzies School of Health Research has the power to amend and reissue the financial report.

# income statement

Menzies School of Health Research for the Year Ended 31 December 2009

	Notes	2009 \$	2008 \$
<b>Revenue from continuing operations</b>			
Australian Government financial assistance	2	14,889,998	16,456,057
NT Government financial assistance	3	4,327,545	12,232,308
Fees and charges	4	3,402,398	3,768,692
Investment income	5	1,374,229	1,827,547
Consultancy and contract research	6	4,926,950	4,250,520
Other revenue	7	1,722,975	1,616,905
<b>Total revenue from continuing operations</b>		<b>30,644,094</b>	40,152,028
<b>Total revenue</b>		<b>30,644,094</b>	40,152,028
<b>Expenses from continuing operations</b>			
Employee related expense	8	17,016,519	14,038,326
Depreciation	9	405,549	341,970
Repairs and maintenance	10	554,017	407,318
Bad and doubtful debts	13	( 33,000 )	33,000
Other expenses	11	8,962,488	9,074,080
<b>Total expenses from continuing operations</b>		<b>26,905,573</b>	23,894,693
<b>Gross operating result for the year</b>		<b>3,738,521</b>	16,257,335
Repayment of grant funding		-	35,000
<b>Net operating result for the year</b>		<b>3,738,521</b>	16,222,335

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



# statement of comprehensive income

Menzies School of Health Research for the Year Ended 31 December 2009

	2009 \$	2008 \$
<b>Net Operating Profit for the Year</b>	<b>3,738,521</b>	16,222,335
<b>Other Comprehensive Income</b>		
Net gain (loss) on revaluation of investments	<b>18,673</b>	(98,510)
<b>Total Comprehensive Income for the Year</b>	<b>3,757,194</b>	16,123,825

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

# balance sheet

Menzies School of Health Research for the Year Ended 31 December 2009

	Notes	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	33,993,268	29,454,364
Account held in trust	29	803,069	2,885,541
Trade and other receivables	13	1,335,603	1,203,193
Other financial assets	15	439,978	1,230,947
<b>Total Current Assets</b>		<b>36,571,917</b>	<b>34,774,045</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	16	989,790	938,006
Investments	14	51,984	32,401
<b>Total Non-Current Assets</b>		<b>1,041,774</b>	<b>970,407</b>
<b>Total Assets</b>		<b>37,613,691</b>	<b>35,744,452</b>
<b>Current Liabilities</b>			
Trade and other payables	17	663,738	785,183
Account held in trust	29	803,069	2,885,541
Provisions	18	1,682,175	1,429,271
Other liabilities	19	16,916	96,831
<b>Total Current Liabilities</b>		<b>3,165,898</b>	<b>5,196,826</b>
<b>Non-Current Liabilities</b>			
Provisions	18	372,599	229,625
<b>Total Non-Current Liabilities</b>		<b>372,599</b>	<b>229,625</b>
<b>Total Liabilities</b>		<b>3,538,497</b>	<b>5,426,451</b>
<b>Net Assets</b>		<b>34,075,194</b>	<b>30,318,000</b>
<b>Equity</b>			
Reserves	20	3,155,790	2,479,162
Retained surplus	21	30,919,404	27,838,838
<b>Total Equity</b>		<b>34,075,194</b>	<b>30,318,000</b>

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



# statement of changes in equity

Menzie's School of Health Research for the Year Ended 31 December 2009

	Other Reserves (Note 20)	Retained Surplus (Note 21)	Total
<b>Balance at 1 January 2008</b>	2,053,645	12,140,530	14,194,175
Net Operating Profit for the Year	-	16,222,335	16,222,335
Other Comprehensive income -Net revaluation losses on investments	(98,510)	-	(98,510)
Total Comprehensive Income for the Year	1,955,135	28,362,865	30,318,000
Transfer to/(from) Revaluation Reserves	(6,000)	6,000	-
Transfer to/(from) Capital Reserves	530,027	(530,027)	-
<b>Balance at 31 December 2008</b>	<b>2,479,162</b>	<b>27,838,838</b>	<b>30,318,000</b>
Net Operating Profit for the Year	-	3,738,521	3,738,521
Other Comprehensive income -Net revaluation gain on investments	18,673	-	18,673
Total Comprehensive Income for the Year	2,497,835	31,577,359	34,075,194
Transfer to/(from) Capital Reserves	661,648	(661,648)	-
<b>Balance at 31 December 2009</b>	<b>3,159,483</b>	<b>30,915,711</b>	<b>34,075,194</b>

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



# statements of cash flows

Menzies School of Health Research for the Year Ended 31 December 2009

	Notes	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Australian Government receipts		14,886,648	11,168,302
NT Government receipts		3,977,556	11,995,445
Student income receipts		99,219	91,945
Interest received		1,078,333	1,365,962
Other Grant receipts		4,928,617	4,154,643
Other receipts		6,344,072	5,019,102
Payments to suppliers		( 9,697,819 )	( 8,743,238 )
Payments to employees		( 16,620,640 )	( 13,782,414 )
<b>Net cash provided by operating activities</b>	27	<b>4,995,986</b>	<b>11,269,747</b>
<b>Cash flows from investing activities</b>			
Share dividends received		252	238
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of shares		-	-
Payments for property, plant and equipment		( 457,332 )	( 305,008 )
<b>Net cash outflow from investing activities</b>		<b>( 457,080 )</b>	<b>( 304,770 )</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,538,906</b>	<b>10,964,977</b>
<b>Cash and cash equivalents at the beginning of year</b>	12	<b>29,454,364</b>	<b>18,489,387</b>
<b>Cash and cash equivalents at end of year</b>	12	<b>33,993,268</b>	<b>29,454,364</b>

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



# notes to the financial statements

## Introduction

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# notes to the financial statements

## 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 reports are 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

This general purpose financial report has been prepared on an accrual basis in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the Department of Education, Employment and Workplace Relations and other Territory/Australian Government legislation.

### Statement of compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

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.

### Future Australian Accounting Standard Requirement

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective. Initial application of the new and revised Standards, applicable in future years, will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to Menzies and the Menzies' financial report. The new applicable standards are as follows:

Standards / Interpretation	Effective for Annual Reporting Period Beginning On or After	Effective to be Initially Applied in the Financial Year Ending
<i>AASB 2008-6 Further Amendments to Australian Accounting Standards Arising from the Annual Improvement Project</i>	1 July 2009	31 December 2010
<i>AASB 2009-4 Amendments to Australian Accounting Standards Arising from the Annual Improvement Project [AASB 2 &amp; 38 and AASB Interpretation 9 &amp; 16]</i>	1 July 2009	31 December 2010
<i>AASB 2009-4 Amendments to Australian Accounting Standards Arising from the Annual Improvement Project [AASB 5, 8, 101, 107, 117, 118, 136 &amp; 139]</i>	1 January 2009	31 December 2010
<i>AASB 2009-4 Amendments to Australian Accounting Standards Arising from the Annual Improvement Project [AASB 5, 7, 107, 112, 136 &amp; 139 and Interpretation 17]</i>	1 January 2009	31 December 2010

# notes to the financial statements

## 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. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

## b. Revenue Recognition Policy

### Government grants

Menzie's treats operating and capital grants received as income in the year of receipt.

### 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.

### Other income

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

## c. Stocks

Stocks of consumable scientific and administrative items purchased in the normal operations are not taken into account at close of balance date as assets, but are written off at the time of purchase.

## d. Employee Benefits

Provision is made for long service leave and annual leave estimated to be payable to employees. Where amounts provided have been apportioned between current and non-current, the current provision represents the portion that is expected to be paid within the next twelve months.

In the case of long service leave, employee entitlements vest after the completion of ten years service. A special pro-rata entitlement may be paid in lieu of long service leave on resignation of employment after seven or more years of service. In accordance with accounting standard AASB 119 *Employee Benefits* Menzie's has calculated long service leave entitlements not settled at 31 December 2009 on a present value basis.

Menzie's employees are entitled to six weeks annual leave. An analysis of outstanding annual leave entitlements at year end has shown that many employees do not take their full entitlement in the year of accrual. However, as there is no certainty that leave will be carried over to subsequent years, Menzie's has recorded all accrued annual leave as a current liability.

Sick leave entitlements are non-vesting with experience showing that sick leave taken is less than the entitlement accruing. In recognition of this, no liability has been accrued.

The 2006 Menzie's Collective Agreement allowed for employees to salary sacrifice on the condition that any fringe benefits tax incurred would be payable by the employee.

## e. Superannuation

Employee's superannuation entitlements are principally provided through the Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS), the Australian Government Employees Superannuation Trust (AGEST) and UniSuper.

Benefits per the NTGPASS scheme are supplemented by a minimum 3% productivity benefit from the Northern Territory Supplementary Superannuation Scheme (NTSSS) for pre-10th August 1999 MSHR employees.

Scheme membership among employees at 31 December 2009 was as follows:

AGEST	62
NTGPASS (plus NTSSS)	15
UNISUPER	85
Other Schemes	75

The Northern Territory Government meets the cost of employer-financed benefits in the NTGPASS and NTSSS with administration being undertaken by the Northern Territory Superannuation Office.

	2009	2008
Full Time Equivalent Employees as at 31 December 2009	192	186

## f. Tax Income

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

## g. Goods and Services Tax

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

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- 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.

## h. Depreciation

Depreciation is provided on property, plant and equipment. 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

# notes to the financial statements

the straight line method. The following estimated useful lives are used consistently in both years in the calculation of the depreciation:

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

## i. 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.

## j. 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.

## k. Trade and other receivables

Trade receivables and other receivables are recorded at amounts due less an amount for any doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

## l. Trade and other payables

Liabilities for trade creditors and other amounts 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.

## m. Investment in shares

Menzies School of Health Research 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. After initial recognition available for sale are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which the cumulative gain or loss previously reported in the equity is recognised in profit and loss. Fair market values of not actively traded shares are determined using the arm's length market transaction. Dividends are brought to account as they are earned.

## n. Cash and cash equivalents

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

## o. 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 balance sheet.

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 are set out in note 24.

## NOTE 2. AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

	2009 \$	2008 \$
National Health & Medical Research Council grants	8,291,482	7,002,876
Australian Agency for International Development	1,471,881	-
Department of Health & Aged Care grants	5,126,635	9,453,181
<b>Total Australian Government Financial Assistance</b>	<b>14,889,998</b>	<b>16,456,056</b>





# notes to the financial statements

## NOTE 3. NORTHERN TERRITORY GOVERNMENT FINANCIAL ASSISTANCE

	2009 \$	2008 \$
NT Government other grant funding	4,327,545	12,232,308
<b>Total Northern Territory Government Financial Assistance</b>	<b>4,327,545</b>	<b>12,232,308</b>

## NOTE 4. FEES AND CHARGES

	2009 \$	2008 \$
<b>Course fees and charges</b>		
Fee-paying overseas students	81,640	65,520
Fee-paying domestic postgraduate students	592,662	527,766
Total course fees and charges	674,302	593,286
<b>Other Fees and charges</b>		
Administration receipts	91,762	423,118
CRC Reimbursements	2,636,334	2,752,289
Total other fees and charges	2,728,097	3,175,408
<b>Total Fees and Charges</b>	<b>3,402,398</b>	<b>3,768,692</b>

## NOTE 5. INVESTMENT INCOME

	2009 \$	2008 \$
Interest on Term Deposits and Call Accounts Dividends	1,374,229	1,827,547
<b>Total Investment Income</b>	<b>1,374,229</b>	<b>1,827,547</b>

## NOTE 6. CONSULTANCY AND CONTRACT RESEARCH

	2009 \$	2008 \$
Consultancies	369,245	170,520
Contract Research	4,557,705	4,080,000
<b>Total Consultancy and Contract Research</b>	<b>4,926,950</b>	<b>4,250,520</b>

# notes to the financial statements

## NOTE 7. OTHER REVENUE

	2009 \$	2008 \$
Menzies Foundation	150,000	150,400
Charles Darwin University	1,254,585	1,175,271
Donations	212,914	257,930
Other	105,476	33,303
<b>Total Other Revenue</b>	<b>1,722,975</b>	<b>1,616,905</b>

## NOTE 8. EMPLOYEE RELATED EXPENSES

	2009 \$	2008 \$
<b>Research:</b>		
Salaries	9,581,592	7,875,865
Superannuation	1,213,746	981,961
Payroll tax	499,256	463,206
Worker's compensation	69,204	69,239
Long services leave expense	140,268	141,382
Leave Loading	159,115	74,806
Annual leave	1,130,157	948,243
<b>Total Research</b>	<b>12,793,339</b>	<b>10,554,701</b>
<b>Education and Training:</b>		
Salaries	356,600	352,165
Superannuation	38,501	48,616
Payroll tax	16,652	20,712
Worker's compensation	2,576	3,096
Long services leave expense	5,538	7,339
Leave Loading	5,985	4,628
Annual leave	39,824	42,118
<b>Total Education</b>	<b>465,676</b>	<b>478,674</b>
<b>Non Research and Education:</b>		
Salaries	2,688,891	2,227,940
Superannuation	402,356	340,038
Payroll tax	125,563	131,033
Worker's compensation	19,421	19,586
Long services leave expense	80,652	23,057
Leave Loading	34,576	111,595
Annual leave	406,047	151,701
<b>Total Non-Research and Education</b>	<b>3,757,504</b>	<b>3,004,951</b>
<b>Total Employee Benefits</b>	<b>17,016,519</b>	<b>14,038,326</b>



# notes to the financial statements

## NOTE 9. DEPRECIATION

	2009 \$	2008 \$
Plant and Equipment	340,631	274,471
Leasehold Improvements	40,909	49,262
Motor Vehicles	24,009	18,237
<b>Total Depreciation</b>	<b>405,549</b>	<b>341,970</b>

## NOTE 10. REPAIRS AND MAINTENANCE

	2009 \$	2008 \$
Repairs and Maintenance General	167,715	102,112
Maintenance Contracts	386,302	305,206
<b>Total Repairs and Maintenance</b>	<b>554,017</b>	<b>407,318</b>

## NOTE 11. OTHER EXPENSES

	2009 \$	2008 \$
Administration	116,369	119,624
Communications	285,677	196,395
Consultants	742,451	507,422
Education	156,139	115,182
Equipment Costs	265,426	140,694
Information Technology	422,784	238,862
Insurance	221,889	235,094
Joint Venture Costs - CRC	200,000	150,000
Laboratory	681,149	570,263
Licences, Memberships, Fees and Charges	201,465	89,823
Materials	75,552	50,504
Research Project Costs	1,476,959	3,115,353
Scholarship Payments	410,547	446,399
Stationery, Printing and Postage	231,403	275,569
Travel, Staffing and Related Costs	2,589,897	2,233,774
Utilities and Facilities Management	346,395	238,975
Other	538,386	350,145
<b>Total Other Expenses</b>	<b>8,962,488</b>	<b>9,074,080</b>

# notes to the financial statements

## NOTE 12. CASH AND CASH EQUIVALENTS

	2009 \$	2008 \$
Cash at Bank	3,466,575	3,662,143
Term Deposits & Call Accounts	30,526,694	25,792,221
<b>Total cash and cash equivalents</b>	<b>33,993,268</b>	<b>29,454,364</b>

### (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	33,993,268	29,454,364
--	------------	------------

### (b) Term deposits

The term deposits have a fixed average interest rate of 5.69% (2009 - 6.97%) and an average maturity of 180 days.

## NOTE 13. TRADE AND OTHER RECEIVABLES

	2009 \$	2008 \$
<b>Current</b>		
Debtors	1,335,603	1,236,193
Less: Provision for doubtful debts	-	(33,000)
<b>Total current receivables</b>	<b>1,335,603</b>	<b>1,203,193</b>
<b>Non current</b>		
Debtors	-	-
Less: Provision for doubtful debts	-	-
<b>Total current receivables</b>	<b>-</b>	<b>-</b>
<b>Total receivables</b>	<b>1,335,603</b>	<b>1,203,193</b>

### (a) Impaired receivables

The ageing of these receivables is as follows:

	2009 \$	2008 \$
3 to 6 months	-	33,000
Over 6 months	-	-
	-	<b>33,000</b>



# notes to the financial statements

Movements in the provision for impaired receivables are as follows:

	2009 \$	2008 \$
At 1 January	33,000	3,748
Provision for impairment recognised during the year	(33,000)	33,000
Receivables written off during the year as uncollectible	-	(3,748)
	-	<b>33,000</b>

## NOTE 14. INVESTMENTS

	2009 \$	2008 \$
Australian listed equity securities - at market value	51,984	32,401
<b>Total Investments</b>	<b>51,984</b>	<b>32,401</b>

Menzies also received shares to the total value \$613 as part of a AGL Limited dividend plan allotment.

## NOTE 15. OTHER ASSETS

	2009 \$	2008 \$
Accrued Revenue	201,158	1,068,514
Prepaid Expenses	197,433	152,432
Other Assets	41,386	10,000
<b>Total Other Assets</b>	<b>439,978</b>	<b>1,230,947</b>



# notes to the financial statements

## NOTE 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Property \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
<b>Year ended 31 December 2008</b>				
Opening net book amount	98,897	857,050	68,631	1,024,578
Impairment loss	-	-	-	-
Additions	(0)	257,697	-	257,697
Disposals	-	(48,000)	-	48,000
Depreciation charge	(49,262)	(228,771)	(18,237)	(296,270)
Closing net book amount	49,635	837,977	50,394	938,006
<b>At 31 December 2008</b>				
- Cost	708,035	-	-	708,035
- Valuation	-	2,267,192	198,121	2,465,313
Accumulated depreciation	(658,402)	(1,429,215)	(147,727)	(2,235,344)
Net book amount	49,635	837,977	50,394	938,006
<b>Year ended 31 December 2009</b>				
Opening net book amount	49,635	837,977	50,394	938,006
Impairment loss	-	-	-	-
Additions	-	413,137	44,195	457,332
Disposals	-	-	-	-
Depreciation charge	(40,909)	(340,631)	(24,009)	(405,549)
Write-Back Accumulated Depreciation	-	-	-	-
Closing net book amount	8,726	910,484	70,580	989,790
<b>At 31 December 2009</b>				
- Cost	708,035	-	-	708,035
- Valuation	-	2,680,331	242,316	2,922,647
Accumulated depreciation	(699,310)	(1,769,847)	(171,735)	(2,640,892)
Net book amount	8,726	910,484	70,580	989,790



# notes to the financial statements

## NOTE 17. TRADE AND OTHER PAYABLES

	2009 \$	2008 \$
Creditors	401,089	573,926
Other	262,649	211,258
<b>Total Payables</b>	<b>663,738</b>	<b>785,183</b>

## NOTE 18. PROVISIONS

	2009 \$	2008 \$
<b>Current</b>		
Employee benefits		
- Annual leave	1,011,292	833,287
- Leave Loading	86,485	77,863
- Staff Liabilities	956	11,196
-Contingencies	-	-
- Long service leave	583,442	506,926
<b>Total Current</b>	<b>1,682,175</b>	<b>1,429,271</b>
<b>Non-Current</b>		
Employee benefits		
- Annual Leave	170,983	117,004
- Long service leave	201,617	112,621
<b>Total Non-Current</b>	<b>372,599</b>	<b>229,625</b>
<b>Total Provisions</b>	<b>2,054,775</b>	<b>1,658,896</b>

## NOTE 19. OTHER LIABILITIES

	2009 \$	2008 \$
GST Payable	(40,348)	(8,613)
Revenue Received in Advance	57,264	105,444
Grants Received in Advance	(0)	-
<b>Total Other Liabilities</b>	<b>16,916</b>	<b>96,831</b>

# notes to the financial statements

## NOTE 20. RESERVES

	2009 \$	2008 \$
<b>(a) Reserves Comprise</b>		
Revaluation Reserve	52,903	52,903
Capital Asset Reserve	3,049,783	2,388,135
Investment Revaluation Reserve	56,796	38,123
<b>Total Reserves</b>	<b>3,159,483</b>	<b>2,479,162</b>
<b>(b) Movement In Reserves</b>		
<b>Revaluation Reserve</b>		
Balance at the Beginning of the Financial Year	52,903	58,903
Assets retired transferred to equity	-	( 6,000 )
<b>Balance at the End of the Financial Year</b>	<b>52,903</b>	<b>52,903</b>
<b>Capital Assets Reserve</b>		
Balance at the Beginning of the Financial Year	2,388,135	1,858,108
Plus: Annual Contribution transferred from retained earnings	661,648	530,027
<b>Balance at the End of the Financial Year</b>	<b>3,049,783</b>	<b>2,388,136</b>
<b>Investment Revaluation Reserve</b>		
Balance at the Beginning of the Financial Year	38,123	136,633
Increment/(Decrement)	18,673	( 98,510 )
<b>Balance at the End of the Financial Year</b>	<b>56,796</b>	<b>38,123</b>

### 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.

# notes to the financial statements

## NOTE 21. RETAINED SURPLUS

	2009 \$	2008 \$
Balance at the Beginning of the Financial Year	27,838,838	12,140,530
Operating Result from Ordinary Activities	3,738,521	16,222,335
Transfers (To)/From Capital Assets Reserve	( 661,648 )	( 530,027 )
Transfer (To)/From Revaluation Reserve	-	6,000
<b>Balance at the End of the Financial Year</b>	<b>30,915,711</b>	<b>27,838,838</b>

### 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.

	2009 \$	2008 \$
Administration Surplus	513,413	513,413
Research Project Surplus	3,225,108	15,708,922
<b>Total Net Surplus</b>	<b>3,738,521</b>	<b>16,222,335</b>

## NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Names of responsible persons and executive officers

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

Prof Simon Maddocks - Chair	Dr Shane Houston - Board Member
Mr Peter Carew - Deputy Chair	Dr David Ashbridge - Board Member
Mr Michael Martin - Treasurer	Mr Ken Davies - Board Member
Prof Barney Glover - Board Member commenced 25 February 2009	Mr Bob Wells - Board Member
Prof Bob Wasson - Board Member	Prof Jonathan Carapetis - Director
Ms Kate George - Board Member	Prof David Celamajer - Board member
Mr Shane Smith - Financial Controller	Mr Ross Spark - Deputy Director
Ms Adrienne Farago - Executive officer	

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

Prof Bart Currie	Dr Tricia Nagel	Mrs Sue Hutton
Prof Anne Chang	Prof Nick Anstey	Ms Bilwara Lee
Dr David Thomas	Ms Gabrielle Falls	Ms Julie Carmichael
Kate Senior resigned position July 2009	John Condon resigned position December 2009	

All the above persons were also key management persons during the year ended 31 December 2008.

# notes to the financial statements

## (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:

	2009	2008
Nil to \$9,999	13	13
\$10,000 to \$19,999		1
\$30,000 to \$39,999		2
\$100,000 to \$109,999	1	
\$120,000 to \$129,999		1
\$140,000 to \$149,999		1
\$160,000 to \$169,999	1	
\$210,000 to \$219,999	1	
\$330,000 to \$339,999		1
\$430,000 to \$439,999	1	

## (d) Related party transactions

During the 2008 financial year no loans or other related party transactions were made to any Board members or executive officers.

## (e) Key management personnel compensation

	2009	2008
	\$	\$
Short-term employee benefits	860,151	1,004,681
	860,151	1,004,681

## NOTE 23. RELATED PARTIES

### (a) Parent entity

As of 1 January 2004 Menzies became a controlled entity of Charles Darwin University. 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 2009 Menzies received student fee income of \$568,103.47 from CDU. 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 RIBG payments of \$822,597, IGS payments of \$340,785.

## NOTE 24. INTEREST IN JOINT CONTROLLED ENTITIES

Name of Entity	Principal Activity	Reporting date	Output Interest 2009
Cooperative Research Centre for Aboriginal Health	Development of a cross cultural framework for strategic research into Aboriginal Health	30/06/2009	29.29%

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 has decided that its interest in the CRCAH does not meet the requirements of AASB 131 and therefore does not recognise its share of the venture in the body of the financial statements. However, in order to maintain transparency of information, Menzies' share of the joint venture is detailed in Note 24.1 as if it were recorded in the body of the financial accounts.





# notes to the financial statements

## 24.1 INTEREST IN JOINT VENTURE

Share of Assets and Liabilities	6 mth's to 31 Dec 2009 \$	12 mth's to 30 June 2009 \$
<b>Current Assets</b>		
Cash	235,219	879,198
Trade Debtors	2,351	15,686
GST Receivable	13,438	( 55,054 )
<b>Current Liabilities</b>		
Trade Creditors	76,984	249,281
Employee Benefits	49,147	60,914
Credit card clearing	( 2,498 )	( 5,357 )
<b>Non-Current Assets</b>		
Plant and equipment	5,265	18,855
<b>Non-Current Liabilities</b>		
	-	-
<b>Net Assets</b>	<b>132,640</b>	<b>553,848</b>
<b>Share of Operating Result</b>		
Operating revenue	460,680	1,426,500
Operating expenses	791,656	2,092,313
<b>Operating result</b>	<b>( 330,976 )</b>	<b>( 665,813 )</b>
<b>Retained Results</b>		
At beginning of the financial year	824,916	1,490,728
At the end of the financial year	493,940	824,916
<b>Contingent Liabilities</b>		
The economic entity's expenditure commitments relating to the joint venture are disclosed in Note 32.		

## 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 as at 31 December 2009.

# notes to the financial statements

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

	2009 \$	2008 \$
Operating Result	3,738,521	16,222,335
Depreciation	405,549	341,970
Dividends received	(252)	(238)
Doubtful debts		-
Purchase Asset (Payable Last Year)	-	
Dividend Plan Allotment/Issue of Bonus Shares	(910)	(283)
Net (profit)/loss on disposal of asset	-	2,300
	<b>4,142,908</b>	<b>16,566,084</b>

### Changes in Assets and Liabilities

(Increase)/Decrease in receivables	(132,410)	(177,390)
(Increase)/Decrease in prepayments	(45,001)	307,230
(Increase)/Decrease in residential deposits	(31,386)	(7,400)
(Increase)/Decrease in accrued revenue	867,356	(849,875)
Increase/(Decrease) in payables	(157,584)	400,904
Increase/(Decrease) in other payables	51,393	24,311
Increase/(Decrease) in GST payable	(31,735)	58,474
Increase/(Decrease) in receipts in advance	(63,433)	(5,308,501)
Increase/(Decrease) in employee provisions	395,878	255,912
	<b>853,078</b>	<b>(5,296,335)</b>
<b>Net Cash Generated From/(Used) in Operating Activities</b>	<b>4,995,985</b>	<b>11,269,747</b>

## NOTE 28. FINANCIAL RISK MANAGEMENT

The following is the school's accounting policies and terms and conditions for each class of financial asset and financial liability.

Recognised Financial Instrument	Accounting Policies	Terms and Conditions
<b>(i) Financial Assets</b>		
Receivables & Other Assets	Receivables are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is doubtful.	Credit "sales" are generally on 30 day terms.
Investments – Short Term Money Market	Investments in the Short Term Money Market are stated at the lower of cost and net realisable value. Interest is recognised as revenue when earned.	Deposit terms range from "at call" to 365 days
Investments – Publicly listed Shares	Investments in Publicly Listed Shares are stated at market value as at 31/12/2008 Dividends are bought to account as they are earned	
<b>(ii) Financial Liabilities</b>		
Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled on 30 day terms.



# notes to the financial statements

## (a) Market risk

### (i) Foreign exchange risk

Menzies has projects that receive small amounts of funds dominated in UK and US currencies.

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 has no exposure to price risk.

### (iii) Cash flow and fair value interest rate risk

Menzies is exposed to interest rate risk.

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 2008.

		Interest rate risk			
		-2%		2%	
31 December 2009	Carrying amount	Result	Equity	Result	Equity
<b>Financial assets</b>					
Cash and cash equivalents	33,993,268	( 679,865 )	( 679,865 )	679,865	679,865
<b>Financial liabilities</b>					
		Interest rate risk			
		-2%		2%	
31 December 2008	Carrying amount	Result	Equity	Result	Equity
<b>Financial assets</b>					
Cash and cash equivalents	29,454,364	( 589,087 )	( 589,087 )	589,087	589,087
<b>Financial liabilities</b>					

## (b) Credit risk

Menzies credit risk at balance sheet date is in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

There has been no change in credit risk from the previous period.

## (c) Liquidity risk

Menzies liquidity risk at balance sheet date is in relation to unpaid debtors.

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

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





# notes to the financial statements

## (d) Fair value estimation

### Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount 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 of trade receivables.

Investments in Publicly Listed Shares are stated at market value as at 31/12/2009.

## 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 account as at 31 December 2009, as managed by Menzies are summarised below:

Notes	2009 \$	2008 \$
Opening Balance	2,885,541	5,084,736
Receipts	2,368,379	13,236,797
Expenditure	(4,450,851)	(15,435,993)
<b>Closing Balance</b>	<b>803,069</b>	<b>2,885,541</b>

## NOTE 30. RENUMERATION OF AUDITORS

Menzies is responsible for payment of Audit services to the Auditor General. Total payments amounted to \$29,114 (\$44,709 in 2008).

## NOTE 31. COMMITMENTS

Lease commitments	2009 \$	2008 \$
-------------------	------------	------------

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

Within one year	147,865	147,279
Later than one year but not later than five years	-	73,640
Later than five years	-	-
	<b>147,865</b>	<b>220,919</b>

### Representing:

Cancellable operating leases	295,729	-
Non-cancellable operating leases	-	220,919
Future finance charges on finance leases	-	-
	<b>295,729</b>	<b>220,919</b>

# notes to the financial statements

## (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 \$147,279 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 2008

### 19-21 Buchanan St, West End

Lease on 19-21 Buchannan 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 upon the signing of the Agreement to lease.

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 monthly payments in advance. 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

	2009 \$	2008 \$
<b>Joint Ventures</b>		
Within one year	200,000	200,000
Later than one year but not later than five years	900,000	100,000
Later than five years	-	-
	<b>1,100,000</b>	<b>300,000</b>

The commitments relates to future core partner payments Co-operative Research Centre for Aboriginal Health.



# certificate to the board of governors

Notes to the Financial Statements  
MENZIES SCHOOL OF HEALTH RESEARCH  
FOR THE YEAR ENDED 31 DECEMBER 2009

## 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 2009 Reporting Period and other mandatory professional reporting requirements in Australia, the financial position of Menzies as at 31 December 2009, 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: 13/5/2010



Shane Smith  
Financial Controller

# auditor generals report



Auditor-General

**Independent Auditor's Report to the Minister for Health  
Menzies School of Health Research  
Year Ended 31 December 2009**

I have audited the accompanying financial report of Menzies School of Health Research, which comprises the balance sheet as at 31 December 2009, 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 2009, 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).

A handwritten signature in black ink, appearing to read 'F McGuinness'.

F McGuinness  
Auditor-General for the Northern Territory  
Darwin, Northern Territory  
21 May 2010



## Menzies School of Health Research

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## Cover Art

SHORTY JANGALA ROBERTSON, born 1925

Ngapa Jukurrpa  
(*Water Dreaming*) – Puyurru

183 x 122cm, 2008  
Acrylic on canvas

Warlukurlangu Artists,  
Yuendumu, NT

The site depicted in this painting is Puyurru, west of Yuendumu. In the usually dry creek beds are water soakages or naturally occurring wells. Two Jangala men, rainmakers, sang the rain, unleashing a giant storm. It travelled across the country, with the lightning striking the land. This storm met up with another storm from Wapurtali, to the west, was picked up by a 'kirrkaran' (Falco berigora or brown falcon) and carried further west until it dropped the storm at Purlungyanu, where it created a giant soakage. At Puyurru the bird dug up a giant snake, 'warnayarra' (the 'rainbow serpent') and the snake carried water to create the large lake, Jillyiumpa, close to an outstation in this country. This story belongs to Jangala men and Nangala women.

In contemporary Warlpiri paintings traditional iconography is used to represent the Jukurrpa, associated sites and other elements. In many paintings of this Jukurrpa curved and straight lines represent the 'ngawarra' (flood waters) running through the landscape.

Motifs frequently used to depict this story include small circles representing 'mulju' (water soakages) and short bars depicting 'mangkurdu' (cumulus & stratocumulus clouds).



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