

Menzies School of Health Research



Financial Report
for the year ended
31 December 2003

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■ Auditor-General's Report



AUDITOR-GENERAL

AUDITOR-GENERAL'S REPORT TO THE MINISTER FOR HEALTH MENZIES SCHOOL OF HEALTH RESEARCH YEAR ENDED 31 DECEMBER 2003

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Scope

The financial report and the Director's responsibility

The financial report of the Menzies School of Health Research (the School) comprises Statement by Board of Governors, Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and associated Notes to the financial statements for the year ended 31 December 2003.

The Director of the School is responsible for the preparation and presentation of the financial report in accordance with the requirements of the *Menzies School of Health Research Act*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

I conducted an independent audit in order to express an opinion to the Minister for Health. My audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control systems and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements or control deficiencies have been detected.

I performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia and with the requirements of the *Menzies School of Health Research Act*, a view which is consistent with my understanding of the School's financial position and its financial performance as represented by the results of its operations and cash flows.


I formed my audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of accounting estimates made by the Director.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my audit was not designed to provide assurance on internal controls.

My audit did not involve an analysis of the prudence of business decisions made by the Director or management.

Auditor-General's Report contd


AUDITOR-GENERAL
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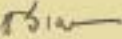
Independence

I am independent of the School and, in conducting my audit, I followed applicable independence requirements of the *Audit Act* and of Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial report of the Menzies School of Health Research:

- presents fairly the financial position of the Menzies School of Health Research at 31 December 2003, and its financial performance for the year ended on that date; and
- is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia and the requirements of the *Menzies School of Health Research Act*.



H M Blake
Auditor-General for the Northern Territory
Darwin, Northern Territory
2 April 2004

■ Statement on Behalf of the Board of Governors


Menzies School of Health Research


Financial Statements for the Year Ended 31 December 2003

Statement on Behalf of the Board of Governors

In our opinion:

- the attached financial statements and notes thereto comply with Accounting Standards;
- the attached financial statements and notes thereto give a true and fair view of the financial position of the Menzies School of Health Research as at 31 December 2003 and its performance for the year then ended;
- there are reasonable grounds to believe that the Menzies School of Health Research will be able to pay its debts as and when they become due and payable.


Director
31st March 2004


Member
Board of Governors
31st March 2004

■ Statement of Financial Position*

as at 31 December 2003

	NOTE	2003 \$	2002 \$
CURRENT ASSETS			
Cash	4	7,428,940	5,459,983
Trust Account	5	278,664	280,806
Trade Debtors	6	541,779	485,445
Prepaid Expenses	7	181,759	152,905
GST Receivable		–	80
Accrued Revenue	8	36,298	162,805
Total Current Assets		8,467,440	6,542,024
NON-CURRENT ASSETS			
Investments	10	248,550	151,172
Property, Plant and Equipment	11	692,042	610,582
Total Non-Current Assets		940,592	761,754
Total Assets		9,408,032	7,303,778
CURRENT LIABILITIES			
Trust Account	5	278,664	280,806
Trade Creditors		178,528	290,366
Accrued Expenses	12	119,922	24,000
Receipts in Advance	13	134,788	241,086
Employee Benefits	9	650,281	534,793
Total Current Liabilities		1,362,183	1,371,051
NON-CURRENT LIABILITIES			
Employee Benefits	9	145,485	114,685
Total Non-Current Liabilities		145,485	114,685
Total Liabilities		1,507,668	1,485,736
□ NET ASSETS		7,900,364	5,818,042
ACCUMULATED FUNDS			
Retained Earnings	14b	7,115,839	5,467,736
Capital Equipment Reserve	14b	679,516	342,674
Investment Revaluation Reserve	14b	105,009	7,632
□ TOTAL ACCUMULATED FUNDS		7,900,364	5,818,042

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

■ Statement of Financial Performance*

for the year ended 31 December 2003

	NOTE	2003 \$	2002 \$
Revenue from Ordinary Activities		11,968,593	9,941,384
Total Revenue from Ordinary Activities	2	11,968,593	9,941,384
Administration		(1,021,985)	(863,082)
Depreciation		(289,928)	(303,280)
Employment Expense		(6,487,262)	(5,470,993)
Fieldwork		(127,789)	(108,161)
Information Technology		(65,066)	(134,195)
Laboratory		(239,171)	(183,329)
Operational		(1,099,546)	(1,033,012)
Travel		(609,978)	(305,482)
Vehicle		(36,718)	(23,593)
Written Down Value of Assets Disposed		(6,206)	-
□ TOTAL EXPENSES FROM ORDINARY ACTIVITIES		(9,983,649)	(8,425,127)
□ NET SURPLUS	3	1,984,944	1,516,257

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

■ Statement of Cash Flows*

for the year ended 31 December 2003

	NOTE	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Funding Organisations		11,577,248	9,983,227
Payments to Suppliers and Employees		(9,585,917)	(8,260,936)
Dividends Received		656	623
Interest		346,973	227,766
Net Cash Flows Provided By/(Used in) Operating Activities	4b	2,338,960	1,950,680
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Building Improvements		-	-
Payments for Purchase of Equipment		(377,594)	(246,559)
Proceeds on Disposal of Asset		7,591	-
Net Cash Flows Used in Investing Activities		(370,003)	(246,559)
Net Increase/(Decrease) in Cash Held		1,968,957	1,704,121
Cash at Beginning of Financial Year		5,459,983	3,755,862
□ CASH AT END OF FINANCIAL YEAR	4a	7,428,940	5,459,983

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

■ Notes to the Financial Statements for the year ended 31 December 2003

1 | SUMMARY OF ACCOUNTING POLICIES

The Menzies School of Health Research (MSHR) 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

Financial Reporting Framework

The financial report is a general purpose financial report prepared in accordance with:

- Accounting Standards
- Urgent Issues Group Consensus Views
- Other authoritative pronouncements of the Australian Accounting Standards Board

These financial statements have been prepared on the basis of historical cost, with the exception of investments which are subject to revaluation and are recognised at market value. Set out hereunder are the significant accounting policies adopted by MSHR in preparation of its accounts for the financial year ended 31 December 2003. Accounting policies adopted are consistent with last year, unless otherwise stated.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

a Change in Accounting Policy

From the 2002 financial reporting year, MSHR revalues investments on an annual basis with any changes debited or credited to the investment revaluation reserve. If an investment goes below cost, any decrement will be expensed in the Statement of Financial Performance. This change to accounting policy has been made to ensure that Investments reflect market values as at the reporting date of 31 December. Dividends will still be brought to account as they are earned.

b Revenue Recognition Policy

Revenue recognition for grant and donation income received is carried out on the following basis:

- (i) all grant income (revenue, capital and specific purpose) is recognised as income in year of receipt
- (ii) revenue received for projects to be commenced in the following financial year, is carried forward in 'Receipts in Advance'
- (iii) all other project related income is fully recognised in the year of receipt

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. The amounts provided have been apportioned between current and non-current, the current provision being 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 1028 – Employee Benefits – MSHR has calculated long service leave entitlements not settled at 31 December 2003 on a present-value basis.

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 recognised.

The 2001 MSHR Enterprise 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 the Superannuation Scheme for Australian Universities (SSAU).

Benefits from these schemes are supplemented by a minimum 3% productivity benefit from the Northern Territory Supplementary Superannuation Scheme (NTSSS) for pre-10 August 1999, except for employees who have had their employment contracts renewed and are not members of NTGPASS.

Scheme membership among employees at 31 December 2003 was as follows:

AGEST	44
NTSSS	1
NTGPASS (plus NTSSS)	18
SSAU	40
COMSUPER	1

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.

	2003	2002
Full-time Equivalent Employees as at 31 December 2003	95	79

f Income Tax

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

■ Notes to the Financial Statements for the year ended 31 December 2003

g 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.

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

□ Leasehold Improvements	3–5 years
□ Plant and Equipment	3–5 years
□ Motor Vehicles	7 years

i Trade Receivables

Trade receivables and other receivables are recorded at amounts due.

2 | SURPLUSES FROM ORDINARY ACTIVITIES

Surpluses from ordinary activities include the following items of revenue:

	2003	2002
	\$	\$
Operating Revenue		
Grant Income	10,773,206	8,869,079
Donations	62,525	267,385
Interest and Dividends	347,629	243,457
Reimbursements	518,818	374,097
Sundry Income	258,824	187,366
Proceeds on Disposal of Asset	7,591	–
Total Operating Revenue	11,968,593	9,941,384

3 | ANALYSIS OF NET SURPLUS

Surplus 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	234,896	861,401
Research Project Surplus	1,750,048	654,856
Total Net Surplus	1,984,944	1,516,257

4 | CASH

For the purposes of the Statement of Cash Flows, MSHR considers cash to include cash on hand and in banks. Cash and cash deposits at the end of the reporting period are reconciled to the Statement of Financial Position as follows:

	2003	2002
	\$	\$
a Reconciliation of Cash		
Cash	7,428,940	5,459,983
Total Cash	7,428,940	5,459,983
b Reconciliation of Net Cash Used in Operating Activities to Operating Results		
NET SURPLUS	1,984,944	1,516,257
Changes in:		
(Inc)/Dec Trade Debtors	(56,334)	532,201
(Inc)/Dec Prepaid Expenses	(28,854)	(63,132)
(Inc)/Dec Accrued Revenue	126,507	(162,805)
(Inc)/Dec Goods and Services Tax	80	(38,185)
Inc/(Dec) Trade Creditors	(111,838)	109,884
Inc/(Dec) Accrued Expenses	95,922	(157,729)
Inc/(Dec) Receipts in Advance	(106,298)	40,836
Inc/(Dec) Provisions	146,288	(10,368)
Non Cash Donation	-	(140,000)
(Profit)/Loss on Disposal of Asset	(1,385)	20,440
Depreciation	289,928	303,280
Net Cash Flows Provided By/(Used In) Operating Activities	2,338,960	1,950,680

5 | TRUST ACCOUNT (COOPERATIVE RESEARCH CENTRE FOR ABORIGINAL HEALTH)

The Cooperative Research Centre for Aboriginal Health (CRAH) is a joint venture funded by the Commonwealth of Australia, Department of Health and Community Services, Charles Darwin University, Flinders University, Danila Dilba Biluru Butji Binnilutlum Health Service Aboriginal Corporation, Central Australian Aboriginal Congress Inc., Australian Institute of Aboriginal and Torres Strait Islander Studies, La Trobe University, Queensland Institute of Medical Research, University of Melbourne, University of Queensland and the Menzies School of Health Research. The CRAH was formed on 1 July 2003. The CRAH evolved from the Cooperative Research Centre for Aboriginal and Tropical Health (CRCATH). All assets and continuing projects were transferred from CRCATH to CRAH in accord with the transitional provisions contained within the Centre agreement signed by all parties. The main activity of the CRAH is research into Indigenous health. MSHR's contractual participation rate in the joint venture is 26.4%.

The Menzies School of Health Research, in its role as the Centre Agent for the Cooperative Research Centre, established a trust account in the name of the Cooperative Research Centre for Aboriginal Health. All funds from the Commonwealth of Australia and other contributing partners are received by MSHR in trust, on behalf of all the partners. Expenses reimbursed to MSHR are shown in MSHR's accounts. Receipts, expenditures and balances of the Cooperative Research Centre Trust Account, managed by the MSHR are summarised below:

Opening Balance	280,806	1,195,065
Receipts	4,071,036	2,484,438
Expenditure	(4,073,178)	(3,398,697)
Closing Balance	278,664	280,806

■ Notes to the Financial Statements for the year ended 31 December 2003

	2003	2002
	\$	\$
6 TRADE DEBTORS		
Trade Debtors	547,265	485,445
Allowance for Doubtful Debts	(5,486)	-
Total Trade Debtors	541,779	485,445
7 PREPAID EXPENSES		
Employment Expenses	-	21,311
Insurance	120,127	95,326
Maintenance Agreement	12,505	10,126
Subscriptions/Memberships	46,690	26,142
Miscellaneous	2,437	-
Total Prepaid Expenses	181,759	152,905
8 ACCRUED REVENUE		
Accrued revenue is estimated as due to the Menzies School of Health Research.		
Reimbursements	(9,989)	142,397
Bank interest	46,287	15,068
GST	-	5,340
Total Accrued Revenue	36,298	162,805
9 EMPLOYEE BENEFITS		
Recreation Leave – Current	518,523	401,871
Long Service Leave – Current	131,758	132,922
Total Employee Benefits – Current	650,281	534,793
Long Service Leave – Non-Current	145,485	114,685
Total Employee Benefits – Non-Current	145,485	114,685
10 INVESTMENTS		
Investments comprise of 1060 shares in The Australian Gas Light Company (donated to MSHR in 1992 by Miss Elizabeth Phillips) and 333,334 shares in the Australian Medical Research and Development Corporation (AMRAD). Dividends are brought to account as they are earned.		
Market Value of Investments at 31 December 2003 is as follows:		
1060 AGL Shares @ \$ 11.21	11,883	11,172
333,334 AMRAD Shares @ \$ 0.71	236,667	140,000
Total Investments	248,550	151,172

11 | PROPERTY, PLANT AND EQUIPMENT

(i) Property, plant and equipment are brought to account where the value is greater than \$2000 and depreciated over three to five years using the straight-line method.

(ii) Motor vehicles are depreciated on a diminishing value basis at the rate of 22.5% per annum.

	Leasehold Improvements	Computer Equipment	Laboratory Equipment	Office Equipment	Vehicles	Total
	\$	\$	\$	\$	\$	\$
Gross Carrying Amount						
Balance at 31 Dec 2002	461,723	444,176	796,200	15,845	125,931	1,843,875
Additions	-	121,266	228,368	8,090	19,870	377,594
Disposals	-	-	-	-	(14,545)	(14,545)
Balance as at 31 Dec 2003	461,723	565,442	1,024,568	23,935	131,256	2,206,924
Accumulated Depreciation						
Balance at 31 Dec 2002	418,822	280,233	452,458	7,669	74,111	1,233,293
Disposals	-	-	-	-	(8,339)	(8,339)
Depreciation Expense	13,087	112,062	150,505	1,917	12,357	289,928
Balance at 31 Dec 2003	431,909	392,295	602,963	9,586	78,129	1,514,882
Net Book Value						
As at 31 Dec 2002	42,901	163,943	343,742	8,176	51,820	610,582
As at 31 Dec 2003	29,814	173,147	421,605	14,349	53,127	692,042

	2003	2002
	\$	\$
12 ACCRUED EXPENSES		
Salaries and On Costs	-	-
Administration	119,922	24,000
Total Accrued Expenses	119,922	24,000
13 RECEIPTS IN ADVANCE		
Commonwealth Grants	124,518	116,062
Non-Government Grants	10,000	119,312
CRCATH	-	5,412
Deposits	270	300
Total Receipts in Advance	134,788	241,086
14 ACCUMULATED SURPLUS		
a Accumulated Surpluses Comprise		
Retained Earnings	7,115,839	5,467,736
Capital Equipment Reserve	679,516	342,674
Investment Revaluation Reserve	105,009	7,632
Total Accumulated Surpluses	7,900,364	5,818,042

■ Notes to the Financial Statements for the year ended 31 December 2003

14 | ACCUMULATED SURPLUS continued b Movements in Accumulated Surpluses

	2003 \$	2002 \$
Retained Earnings		
Balance at Beginning of Financial Year	5,467,736	4,294,153
Surplus at End of Financial Year	1,984,944	1,516,257
Transfer to Capital Equipment Reserve	(336,841)	(342,674)
Balance at End of Financial Year	7,115,839	5,467,736
Analysis of Retained Earnings		
Untied Retained Earnings	2,422,060	2,523,645
Tied Retained Earnings	4,693,779	2,943,731
Balance at End of Financial Year	7,115,839	5,467,376
Capital Equipment Reserve		
Balance at Beginning of Financial Year	342,674	-
Transfer from Surplus at End of Financial Year	336,842	342,674
Balance at End of Financial Year	679,516	342,674

In recognition of the need to plan for the purchase of large capital equipment items, the Governing Board approved the establishment of a Capital Equipment Reserve. Amounts transferred to the Capital Equipment 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		
Balance at Beginning of Financial Year	7,632	-
Revaluation of AGL and AMRAD Shares	97,377	7,632
Balance at End of Financial Year	105,009	7,632

15 | EXECUTIVES' REMUNERATION

a Aggregate remuneration of executive officers of MSHR receiving \$100,000 or more:	716,642	760,830
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b The number of executive officers whose remuneration falls within each successive \$10,000 bands of income (commencing at \$100,000):

	number	number
\$100,000 – \$109,999	-	2
\$110,000 – \$119,999	2	3
\$120,000 – \$129,999	2	-
\$200,000 – \$210,000	-	1
\$230,000 – \$240,000	1	-

16 | FINANCIAL INSTRUMENTS

a Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in Note 1 to the accounts.

b Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to MSHR. The carrying amount of the financial assets recorded in the Statement of Financial Position, net of any provision for losses, represents MSHR's maximum exposure to credit risk.

c Net Fair Value

The net market value at 31 December 2003 of each class of financial asset and financial liability is their carrying amount as stated in the Statement of Financial Position of MSHR, determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

d Interest Rate Risk

The following table details MSHR's exposure to interest rate risk at 31 December 2003:

	Average Interest Rate %	Variable Interest Rate \$	Fixed < 1 Year \$	Fixed 1-5 Years \$	Fixed > 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Assets							
Cash	4.4	713,613	-	-	-	-	713,613
Trade Receivables		-	-	-	-	541,779	541,779
Short-Term Deposits	5.06	6,715,327	-	-	-	-	6,715,327
Listed Shares						248,550	248,550
		7,428,940	-	-	-	790,329	8,219,269
Financial Liabilities							
Trade Payables		-	-	-	-	178,528	178,528
Employee Benefits		-	-	-	-	795,766	795,766
		-	-	-	-	974,294	974,294

The following table details the MSHR's exposure to interest rate risk at 31 December 2002:

	Average Interest Rate %	Variable Interest Rate \$	Fixed < 1 Year \$	Fixed 1-5 Years \$	Fixed > 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Assets							
Cash	4.3	759,983	-	-	-	-	759,983
Trade Receivables		-	-	-	-	485,445	485,445
Short-Term Deposits	4.7	4,700,000	-	-	-	-	4,700,000
Listed Shares		-	-	-	-	151,172	151,172
		5,459,983	-	-	-	636,617	6,096,600
Financial Liabilities							
Trade Payables		-	-	-	-	290,367	290,367
Employee Benefits		-	-	-	-	649,478	649,478
		-	-	-	-	939,845	939,845

■ Notes to the Financial Statements for the year ended 31 December 2003

17 | RENTAL ARRANGEMENTS

In 1984 the Northern Territory made a commitment to provide the Menzies School of Health Research with premises and facilities for its work. Through the goodwill arising out of MSHR's past and its ongoing record of research and education, funds were appropriated in 1995 by the Commonwealth of Australia and the Northern Territory Government to construct the new building on Northern Territory Government land at the Royal Darwin Hospital site. Following occupation of the new building in November 1996, and as a result of the aforementioned goodwill, a nominal rental is charged for the premises. A lease agreement reflecting this goodwill is in place until 13 August 2008.

18 | COMMITMENTS FOR EXPENDITURE

MSHR was committed to providing contributions to the Cooperative Research Centre for Aboriginal and Tropical Health (CRCATH). These commitments comprised a cash contribution of \$50,000 and in-kind contributions until the end of the CRCATH on 30 June 2003. From July 2003, a seven-year agreement was negotiated with the new Cooperative Research Centre for Aboriginal Health (CRAH) committing MSHR to cash contributions of \$200,000 per annum and in-kind contributions until June 2010.

19 | AUDIT SERVICES

The Northern Territory Auditor General's Office audits the financial statements of MSHR. These services are provided at no cost to the organisation.

20 | STATEMENT OF ECONOMIC DEPENDENCY

The management of grant funded projects by MSHR is dependent on continued funding from the Northern Territory Government and other granting bodies.

21 | SUBSEQUENT EVENTS

The *Charles Darwin University Act* was gazetted on 5 November 2003. Under the Charles Darwin University Act, the Charles Darwin University is required to establish an Institute of Advanced Studies. The Institute of Advanced Studies is to include a School of Health Research. The *Menzies School of Health Research Amendment Act* ('the Act') was assented to on 29 August 2003 and came into force on 1 January 2004. The Act stipulates that the Charles Darwin University will be responsible for appointing seven of the 13 board positions required under the Act, thereby causing Menzies School of Health Research to become a controlled entity of the Charles Darwin University.

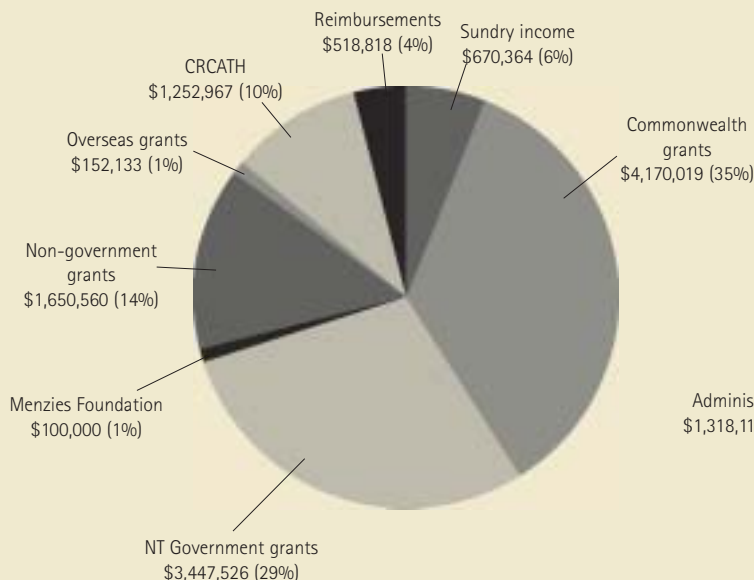
Menzies School of Health research is still required to furnish an annual report and audited financial statements at an annual general meeting, however, the results will be consolidated with those of the Charles Darwin University from 1 January 2004.

■ Unaudited Financial Ratios for the year ending 31 December 2003*

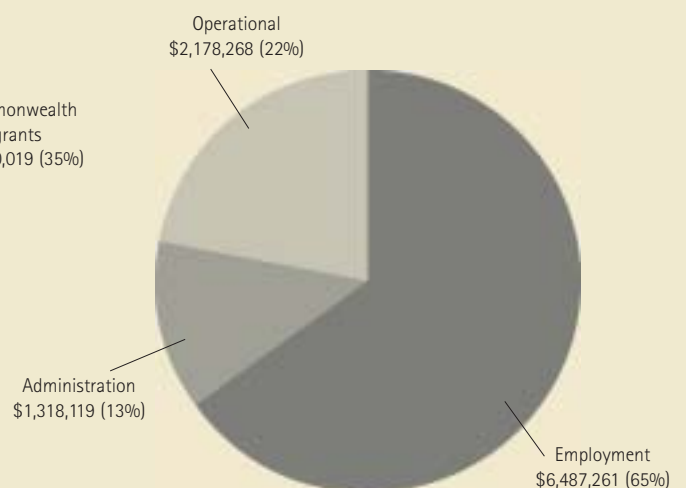
	2003 %	2002 %
Consolidated Activities		
NT Operational Funding as a Ratio of Total Grant Funding	1:2.12	1:1.54
Grant Funding as a Percentage of Total Income	90.0%	89.2%
Administrative Expenses as a Percentage of Total Expenditure	13.2%	13.8%
Operational Expenses as a Percentage of Total Expenditure	21.8%	21.2%
Employment Expenses as a Percentage of Total Expenditure	65.0%	64.9%
Liquidity Ratio		
Current Assets as a Ratio to Current Liabilities	6.22:1	5.9:1
Financial Stability Ratio		
Total Liabilities as a Percentage of Total Assets	16.0%	17.4%
Core Activities		
Core Income as a Percentage of Total Funding	43.5%	51.9%
Core Expenditure as a Percentage of Total Expenditure	49.9%	50.6%
Core Salaries as a Percentage of Total Salaries	48.3%	48.2%
Project Activities		
Project Income as a Percentage of Total Funding	56.5%	48.1%
Project Expenditure as a Percentage of Total Expenditure	50.1%	49.4%
Project Salaries as a Percentage of Total Salaries	51.7%	51.8%

* The financial ratios are provided for information purposes and have not been audited.

Income



Expenditure



■ Donations

	2003
	\$
Estate of the late Mr Charles McKay	20,000
Dr Ella Stack	100
Tudor Foundation	15,175
Mrs Sheila Frey	1,000
Reserve Bank of Australia	1,000
Mr & Mrs Maple-Brown	5,000
Dr Val Acshé	150
Anne Hayward	100
Total	42,525

Cover

Amelia Turner, Untitled, 2003, acrylic on canvas,
400 x 510 mm, Irrkerlantye Arts, © artist,
photo Karina Menkhorst



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