

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2017



Equity through
better health



Burnet Institute
Medical Research. Practical Action.

ANNUAL FINANCIAL REPORT
For the year ended 31 December 2017

MACFARLANE BURNET INSTITUTE
FOR MEDICAL RESEARCH AND
PUBLIC HEALTH LTD
ABN 49 007 349 984

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Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising the Macfarlane Burnet Institute for Medical Research and Public Health Limited (Burnet Institute) and its subsidiaries (the Group) for the year ended 31 December 2017 and the Audit Report thereon.

Directors

The Directors of the Burnet Institute (all of whom act in an honorary capacity) and the Executive Directors (who receive remuneration as paid members of staff) who held office at any time during or since the end of the financial year are:

Mr Robert L Milne, *BEng (Civ), FIE (Aust), CP Eng*

Chair, Burnet Institute Board of Directors

Director since 2000

Chair, People and Culture Committee

Member, Governance, Audit and Risk Committee, Resources Committee, Development Committee

Former Chair, Cockram Corporation and subsidiaries

Professor Brendan Crabb AC, *BSc(Hons), PhD*

Executive Director and CEO since 2008

Chair, Victorian Chapter, Association of Australian Medical Research Institutes (AAMRI) Pty Ltd

Director, AMREP Animal Services Pty Ltd

Member, Alfred Medical Research and Education Precinct Council

Member, Victorian Government SMaRT Panel

Member, PATH/MVI Vaccine Science Portfolio Advisory Council (VSPAC), USA

Chair, Papua New Guinea Institute of Medical Research Buttressing Coalition

Director, Board of Research Australia Ltd

Member, National Health and Medical Research Council

Member, Board of Management, Gene Technology Access Centre (GTAC), Victoria

Member, Scientific Advisory Board, Malaria Program, Wellcome Trust Sanger Institute, UK

Member, Scientific Advisory Board, Monash Institute of Pharmaceutical Sciences (MIPS)

Member, Scientific Advisory Board, Centre for Cancer Biology, SA Pathology and UniSA

Adjunct Professor, The University of Melbourne

Adjunct Professor, Monash University

Mr Robin Bishop, *LLB(Hons), BCom, BA*

Director since 2012

Member, Resources Committee

Founder and Managing Partner, BGH Capital

Former Head, Macquarie Capital Australia and New Zealand

Commissioner, Australian Football League

Member, Australian Takeover Panel

Professor Peter Colman AC, *BSc(Hons), PhD, FAA, FRS, FTSE*

Director since 2011

Chair, Research Advisory Committee; Member, IP & Commercialisation Committee

Laboratory Head, Structural Biology Division, WEHI

Former Chief, Division of Biomolecular Engineering, CSIRO

Mr Ross Cooke, BCom, ACA

Director since 1998

Chair, Governance, Audit, and Risk Committee

Director, MO Health Pty Ltd

Past President, Wintringham, and Wintringham Housing Ltd

Associate Professor Helen Evans AO, BA, BSoc Admin

Director since 2015

Member, Resources Committee

Associate Professor (Hon) The Nossal Institute for Global Health, The University of Melbourne

Director, The Fred Hollows Foundation

Member, Technical Evaluation Reference Group of Global Fund to Fight AIDS, Tuberculosis and Malaria

Member, Advisory Council of Pacific Friends of the Global Fund

Member Technical Reference Group, The Indo-Pacific Health Security Initiative

Fellow of the Australian Institute of International Affairs

Former Deputy CEO, GAVI, The Vaccine Alliance

Mr Benjamin Foskett, BBus, FAICD, Exec Fellow ANZSoG, Victorian Fellow of IPAA

Director since 2013

Member, Resources Committee, IP and Commercialisation Committee

Chairman, Hong Kong BioPoint and Nanjing BioPoint

Executive Director, Pathway Services Pty Ltd

Executive Officer, MCG Trust

Director, National Board Australia China Business Council

Member, Board of Victorian Chapter of the Australia China Business Council (ACBC)

Mr Garry Hounsell, BBus(Acc), FCA, CPA, FAICD

Director from 2013 to August 2017

Former Chairman, PanAust Limited

Former Director, Dulux Group Limited, Treasury Wine Estates Limited, Spotless Holdings Limited

Former Member, Advisory Council, Rothschild Australia Limited

Mr Leigh Jasper, BEng(Hons), BSc

Director since 2016

CEO and Co-founder, Aconex

Former Business Analyst, McKinsey & Company

Ms Alison Larsson, BEcon, FCPA, GAICD

Director since February 2017

Member, Governance, Audit and Risk Committee

Former Chief Risk Officer for Global Technology, Services and Operations, ANZ Bank

Professor Sharon R Lewin, FRACP, PhD, FAAHMS

Director since 2014

Director, Doherty Institute for Infection and Immunity, The University of Melbourne

Consultant Physician, Department of Infectious Diseases, The Alfred

Adjunct Professor, Department of Infectious Diseases, Monash University

Former Head, Department of Infectious Diseases, Monash University, Melbourne

Former Co-Head, Centre for Biomedical Research, Burnet Institute

Chair, Health Translation Advisory Committee, National Health and Medical Research Council of Australia

Member, Council, National Health and Medical Research Council of Australia

Member, Board, Snowdome Foundation

Chair, Ministerial Advisory Committee on Blood Borne Viruses and Sexually Transmitted Infections

Member, Strategic and Technical Advisory Committee, HIV Program, World Health Organization

Co-Chair, Scientific Advisory Board, International AIDS Society Towards a Cure Initiative

Professor Christina Mitchell, MBBS (Melb), PhD, FRACP

Director since 2011

Academic Vice-President and Dean, Faculty of Medicine, Nursing and Health Sciences, Monash University

Ms Mary Padbury, BA, LLB (Hons)

Director since 2011

Member, IP & Commercialisation Committee

Past Chairman Ashurst Australia and Vice Chairman Ashurst LLP

Chair, Trans-Tasman IP Attorneys Board

Director, Commonwealth Bank of Australia

Member, Chief Executive Women

Member, Victorian Legal Admissions Committee

World Intellectual Property Organization Domain Name Panellist

Ms Miche Paterson

Director since April 2017

Chair, Development Committee

Partner, Head of Corporate and Financial Practice, Newgate Communications

Professor Michael Toole AM, MBBS, BMedSci, DTM&H

Executive Director from 2011 to December 2017

Member, Research Advisory Committee

Adjunct Professor, School of Public Health, Monash University

Member, Independent Monitoring Board of the Global Polio Eradication Initiative

Member, Funding Comm. Research for Health in Humanitarian Crises (DfID and Wellcome Trust)

Member, Public Health Scientific & Technical Expert Group, Secretariat of the Pacific Community

Founding Board Member, Médecins Sans Frontières Australia

Mr Michael Ziegelaar, LLB (Hons), BEcon, LLM

Director since 2015

Chair, Resources Committee

Head of Clients, Corporate (Melbourne) and Co-Head, Equity Capital Markets (Aust), Herbert Smith Freehills

Resigned as Director during 2017 or since year end:

Mr Garry Hounsell, Director from 2013 to August 2017

Prof. Michael Toole, Director from 2011 to December 2017

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Burnet Institute during the financial year are:

Directors	Board of Directors		Governance, Audit, and Risk Committee		Resources Committee		IP and Commercialisation Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Brendan Crabb	5	5			3	2		
Robin Bishop	5	3			3	1		
Peter Colman	5	3					2	2
Ross Cooke	5	5	6	6				
Helen Evans	5	4			2	1		
Ben Foscett	5	5			3	3	2	2
Garry Hounsell	3	1						
Leigh Jasper	5	4			1	1		
Alison Larsson	5	4	6	6				
Sharon Lewin	5	1						
Robert Milne	5	5	6	5	3	3		
Christina Mitchell	5	2						
Mary Padbury	5	3					2	1
Miche Paterson	4	4						
Michael Toole	5	5						
Michael Ziegelaar	5	3			2	1		
<p>(A) Meetings held – reflects the number of meetings held during the time the Director held office during the year. (B) Meetings attended.</p>								

Principal Activities

The principal activities of the Group during the financial year were medical research and associated public health activities directed at the diagnosis, treatment and control of infectious diseases and cancer in humans. Burnet Institute is a not-for-profit organisation combining programs of clinical and laboratory research in virology and immunology with epidemiology, social research and public health programs. Burnet Institute has been endorsed as a charitable institution by the Australian Taxation Office. As a charitable not-for-profit organisation, Burnet Institute does not pay dividends and all non-executive Directors serve in an honorary capacity. Every Member undertakes to contribute AUD\$10 to the assets of the Institute if it is wound up while he or she is a Member, or within one year afterwards. There was no significant change in the nature of principal activities during the financial year.

Operating Results

The Group recorded a deficit in the current year of \$2,278,399 (2016: deficit \$1,013,131). Depreciation and amortisation amounted to \$2,585,971 (2016: \$2,517,272). Income tax is not applicable. The 2017 consolidated result includes a deficit of \$671,704 (2016: \$710,053 deficit) from the BioPoint subsidiary companies.

Dividends

The Burnet Institute is limited by guarantee, has no share capital and declares no dividends.

Objectives

The principal objective of the Group remains improving the health of vulnerable communities via research, public health and education. Progress against this objective is reported on at each Board meeting (as well as other reporting mechanisms) using a variety of key indicators including the number of research grants awarded, research or project contracts won, fellowships awarded, publications, a league table for Operational Infrastructure Support (Victorian State Government) and the progress reports and achievements made on ongoing grants and projects.

State of Affairs

Major highlights in 2017 include a record number of publications with many highlights and the strong performance in the number of NHMRC grants awarded. The more significant program successes were in the areas of TB and Healthy Mothers, Healthy Babies programs, Malaria and Still Birth Studies and Hepatitis C Vaccine milestones. The Group continues to make major contributions to the development of health policy, such as Hepatitis elimination in Australia, safe injecting facilities, TB strategies in PNG, and in assisting government bodies with policy development on research funding.

Financially, the challenges continue to be in bridging the gap in funding research, which is dependent on improving outcomes from philanthropy and the development of commercial activities.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Events Subsequent to Balance Date

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

Likely Developments

The Group continues to explore strategic and operational opportunities that will address the inherent challenge of generating the appropriate levels of indirect funding to support our core medical research and public health grants.

Directors' Benefits

One of the Directors of the Burnet Institute is entitled to remuneration for their role as Director of one of the Group's subsidiary companies. Since the end of the previous financial year no other Director of Burnet Institute has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable in their capacity as full-time employees as shown in the accounts) because of a contract made by Burnet Institute, its controlled entities or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

Indemnification and Insurance of Officers

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors' and Officers' liability and legal expenses insurance other than to confirm that a policy is in force.

Lead Auditor's Independence Declaration under Subdivision 60-C Section 60-40 of the Australian Charities and Not-for-Profit Commission Act 2012

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 31 December 2017.

Dated at Melbourne this 17th day of April 2018.

Signed in accordance with a resolution of the Directors.

A handwritten signature in dark ink, appearing to read 'Alison Larsson', followed by a horizontal line.

Alison Larsson
Director

A handwritten signature in blue ink, appearing to read 'Ross Cooke', followed by a horizontal line.

Ross Cooke
Director



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

To: the Directors of Macfarlane Burnet Institute for Medical Research and Public Health Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 there have been:

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

KPMG

Simon Dubois
Partner

Melbourne
17 April 2018

Consolidated Statement of Comprehensive Income

(FOR THE YEAR ENDED 31 DECEMBER)

	NOTE	2017 \$'000	2016 \$'000
Operating revenue	3	38,391	35,769
Other income	3	4,553	4,417
Research and development laboratory consumables expenses		(5,087)	(3,351)
Personnel expenses	4	(21,358)	(21,480)
Depreciation and amortisation expenses		(1,301)	(1,232)
Depreciation and amortisation expenses – property management		(1,285)	(1,285)
Research and development non-laboratory expenses		(8,673)	(8,256)
Other expenses from ordinary activities	5	(6,060)	(6,133)
Results from operating activities		(820)	(1,551)
Financial income	7	157	306
Financial expenses	7	(1,064)	(1,145)
Net finance costs		(907)	(839)
Gain on adoption of equity accounting		–	1,385
Share of loss in associate		(551)	(8)
Net results of equity accounting		(551)	1,377
Deficit Before Income Tax		(2,278)	(1,013)
Income tax expense		–	–
Deficit After Income Tax		(2,278)	(1,013)
Deficit After Income Tax Attributable to:			
Members of the Company		(2,264)	(862)
Non-controlling interests		(14)	(151)
Deficit After Income Tax		(2,278)	(1,013)
Other comprehensive income			
Foreign currency translation differences – foreign operations		(17)	(67)
Total Comprehensive Deficit for the Period		(2,295)	(1,080)
Total Comprehensive Deficit Attributable to:			
Members of the Company		(2,277)	(915)
Non-controlling interests		(18)	(165)
Total Comprehensive Deficit for the Period		(2,295)	(1,080)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 31.

Consolidated Statement of Financial Position

(AS AT 31 DECEMBER)

	NOTE	2017 \$'000	2016 \$'000
Current Assets			
Cash and cash equivalents		12,329	13,908
Trade and other receivables	8	4,830	3,791
Investments	9	—	2,100
Inventories		38	30
Other Assets - prepayments		370	442
Total Current Assets		17,567	20,271
Non-Current Assets			
Lease receivables		1,996	1,732
Investments	9	2,803	3,400
Property, plant and equipment	10	59,560	61,117
Total Non-Current Assets		64,359	66,249
Total Assets		81,926	86,520
Current Liabilities			
Trade and other payables		2,992	2,731
Borrowings	11	887	703
Current tax liabilities - FBT		35	52
Provisions	12	2,968	2,793
Deferred income	13	12,028	13,039
Total Current Liabilities		18,910	19,318
Non-Current Liabilities			
Borrowings	11	32,932	33,319
Provisions	12	1,371	1,434
Deferred income	13	7,519	8,347
Derivatives	14	1,867	2,480
Total Non-Current Liabilities		43,689	45,580
Total Liabilities		62,599	64,898
Net Assets		19,327	21,622
Equity			
Retained deficit		(5,801)	(1,624)
Building reserve		24,917	23,004
Foreign Currency Translation Reserve		141	158
Non-controlling interests		70	84
Total Equity		19,327	21,622

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 31.

The Macfarlane Burnet Institute for Medical Research and Public Health Limited is a signatory to the Australian Council for International Development (ACFID) Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management. In accordance with the ACFID code of conduct, the Institute had nil balances in the following categories as at the end of the financial year which are required to be disclosed separately:

- Current Assets: assets held for sale, and other financial assets;
- Non-Current Assets: trade and other receivables, other financial assets, investment property, intangibles, and other non-current assets;
- Current Liabilities: other financial liabilities and other current liabilities;
- Non-Current Liabilities: trade and other payables, other financial liabilities and other non-current liabilities.

Consolidated Statement of Changes in Equity

(AS AT 31 DECEMBER)

	-----Attributable to Members-----				
	Retained Profits \$'000	Building Reserve \$'000	Foreign Currency Translation Reserve \$'000	Non- Controlling Interests \$'000	Total Equity \$'000
Balance at 1 January 2016	1,111	21,131	225	235	22,702
Total other comprehensive income for the period	–	–	(67)	–	(67)
Operating surplus/(deficit)	(2,735)	1,873	–	(151)	(1,013)
Total comprehensive income for the period	(2,735)	1,873	(67)	(151)	(1,080)
Balance at 31 December 2016	(1,624)	23,004	158	84	21,622
Total other comprehensive income for the period	–	–	(17)	–	(17)
Operating surplus/(deficit)	(4,177)	1,913	–	(14)	(2,278)
Total comprehensive income for the period	(4,177)	1,913	(17)	(14)	(2,295)
Balance at 31 December 2017	(5,801)	24,917	141	70	19,327

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 31.

Consolidated Statement of Cash Flows

(FOR THE YEAR ENDED 31 DECEMBER)

	NOTE	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Cash receipts in the course of operations		42,788	40,220
Cash payments in the course of operations		(43,769)	(41,266)
Cash used in operating activities		(981)	(1,046)
Interest received		157	306
Interest paid		(1,677)	(1,699)
Net cash used in operating activities	17(ii)	(2,501)	(2,439)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(581)	(496)
Proceeds from disposal of property, plant and equipment		116	–
Disposal of investment / Dividend Received		2,100	–
Return Of Capital – Investment		46	250
Net cash provided by/(used in) investing activities		1,681	(246)
Cash Flows from Financing Activities			
Payment of finance lease liabilities		(159)	(90)
Repayment of borrowings		(600)	(450)
Net cash used in financing activities		(759)	(540)
Net decrease in cash held		(1,579)	(3,225)
Cash at the beginning of the financial year		13,908	17,133
Cash at the End of the Financial Year		12,329	13,908

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements set out on pages 13 to 31.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1. Reporting Entity

The Macfarlane Burnet Institute for Medical Research and Public Health Limited (Burnet Institute) is a company limited by guarantee and is domiciled in Australia. The address of Burnet Institute's registered office is 85 Commercial Road, Melbourne, Victoria, Australia 3004. The consolidated financial statements of Burnet Institute as at and for the year ended 31 December 2017 comprise Burnet Institute and its subsidiaries (together referred to as 'the Group' and individually as 'Group entities'). The Group is a not-for-profit entity and is primarily involved in medical research and associated public health activities directed at the diagnosis, treatment and control of infectious diseases and cancer in humans.

1.1. Basis of Preparation

(i) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profit Commission Act 2012. The consolidated financial statements were authorised for issue by the Board of Directors on 17 April 2018.

(ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

- derivative financial instruments are measured at fair value; and
- income securities are measured at fair value.

The method used to measure fair values is discussed further in Note 1.2.

During the preparation of the Financial Report the Directors made an assessment of the ability of the Group to continue as a going concern, which included an assessment of the continuity of business operations, realisation of assets and settlement of liabilities in the normal course of business. The Directors also assessed the loan interest and principal repayments, swap and cap arrangements, and rental income over the next five to ten years and the obligations associated with the various loan covenants. The Directors also considered the likelihood of financial support and funding from the State and Federal Governments on which the Group is dependent for its ongoing operations. As a result of their review they are of the opinion that the going concern basis of accounting is appropriate in the preparation of the Financial Report.

Certain comparative amounts have been reclassified for consistency with the current year's presentation.

(iii) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Parent Entity. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following Notes:

- Note 1.11 – Impairment
- Note 12 – Provisions

(v) Changes in accounting policies

The principal standards that have been adopted for the first time in these financial statements are:

□ AASB 2014 – 1 Amendments to Australian Accounting Standards – Part C: Materiality

This is part of the AASB's program to delete references to AASB 1031 in all Australian Accounting Standards prior to final withdrawal of AASB 1031.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1.2 Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Available for Sale Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair values in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Derivative financial instruments

The Group has chosen to hedge its interest rate risk exposure on the ACS2 loan facility by cap and swap transactions (refer Note 14). These are the only derivative financial instruments that the Group is involved in and are considered by the Directors to be a prudent means to manage risk associated with fluctuations in interest rates.

The derivative financial instruments do not qualify for hedge accounting. Derivatives are recognised initially at fair value, attributable transaction costs are recognised in the Statement of Comprehensive Income when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognised immediately in the Statement of Comprehensive Income. The fair value of interest rate swaps and caps is based on lender quotes.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1.3 Inventories

Inventories are comprised of laboratory materials and are valued at the lower-of-cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

1.4 Property, Plant and Equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy Note 1.11). Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy Note 1.11). The cost of self-constructed assets under lease arrangements includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below). Lease payments are accounted for as described in accounting policy Note 1.8(ii).

Other leases are operating leases and are not recognised in the Statement of Financial Position.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense when incurred.

(iv) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The depreciation rates used for the current and comparative years are as follows:

Buildings	2% to 2.5%
Plant and equipment	10% to 20%
Computer equipment	33.3%
Motor vehicles	20%

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

1.5 Employee Benefits

(i) Defined contribution plans

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

(ii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than defined benefit plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1.5 Employee Benefits (cont.)

(ii) Long-term service benefits (cont.)

discounted using the rates attached to high-quality Corporate bond rates at the balance date which have maturity dates approximating to the terms of the Group's obligations.

(iii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate an employee before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.6 Revenue Recognition

(i) Contract Research and Development (R&D) revenue/consultancies

R&D contract income is recognised in the Statement of Comprehensive Income to the extent that R&D expenditure to which it relates has been incurred. Until this time, funds drawn down in accordance with the relevant R&D funding agreement are recognised in the Statement of Financial Position as deferred income.

(ii) Grant income

Reciprocal grants

Grants received on the condition that specified services be delivered, or conditions fulfilled, are considered reciprocal. Such grants are initially recognised in the Statement of Financial Position as deferred income and revenue is recognised as services are performed or conditions are fulfilled.

Non-reciprocal grants

Where a grant is received where there is no performance obligation or return obligation, revenue is recognised when the grant is received or receivable.

(iii) Government contributions towards capital works (capital grants)

Government contributions to assist in the acquisition or construction of non-current assets are recognised as an asset and revenue when all conditions of the grants have been satisfied.

(iv) Donations

Donations are recognised as income in the Statement of Comprehensive Income, as and when received, unless they are for specific purposes in which case they will be recognised when the conditions are fulfilled.

(v) Interest and other income

Interest and other income is recognised in the Statement of Comprehensive Income as it accrues, taking into account the effective yield on the financial asset.

(vi) Asset sales

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as other income or other expenses in the Statement of Comprehensive Income.

(vii) Rental income

Rental income is recognised as income in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

1.7 Finance Income and Expenses

Finance income comprises interest income of funds invested and gains on revaluation of investments. Interest income is recognised as it accrues in the Statement of Comprehensive Income, using the effective interest method. Finance expenses comprise interest expense on borrowings and changes in the fair value of derivative financial instruments. All interest expense on borrowings is recognised in the Statement of Comprehensive Income, using the effective interest method.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1.8 Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Borrowing costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to those borrowings, net of any interest earned on those borrowings. Where funds are borrowed for the acquisition of a qualifying asset, borrowing costs are capitalised using a weighted average.

1.9 Income Tax

The Burnet Institute is exempt from paying income tax under Section 50-5 of the Income Tax Assessment Act, 1997.

1.10 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.11 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and adverse changes in the payment status of borrowers or issuers in the Group.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for any impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in the profit or loss.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1.11 Impairment (cont.)

(ii) Non-financial assets

The carrying amounts of non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are recognised as a reduction in the carrying amounts of the assets in the CGU on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Under AASB 136, the Group can elect to have the carrying amount of non-current assets' impairment reviewed at each reporting date using a depreciated replacement cost valuation. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount. Reversal of a previously recorded impairment will be recorded in the Statement of Comprehensive Income where appropriate. In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

1.12 Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

1.13 Segment Reporting

The Group determines and presents operating segments based on the information that is internally presented to the CEO, who is the Group's chief operating decision-maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

1.14 Basis of Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

1.14 Basis of Consolidation (cont.)

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Investment in Associates

Investments in entities over which the Institute has the ability to exercise significant influence, but not control, are accounted for using the equity method of accounting. The investment in associates is carried at cost plus post-acquisition changes in the Institute's share of the associates' net assets, less any impairment value.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity related to the subsidiary. Any resulting surplus or deficit is recognised in the Statement of Comprehensive Income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1.15 Foreign Currency Transactions

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the Statement of Comprehensive Income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates on the dates of the transactions.

Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in Other Comprehensive Income and accumulated in the translation reserve in equity.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

2. New Standards and Interpretations Not Yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 "Leases"	1 Jan 2019	31 Dec 2019
AASB 1058 "Income of Not-for-Profit Entities"	1 Jan 2019	31 Dec 2019

The potential effects of the revised Standards / Interpretations on the entity's financial statements has not yet been determined.

	2017 \$'000	2016 \$'000
3. Revenue		
Grants – operating	18,993	16,336
Grants – Victorian Government operational infrastructure support	2,738	2,615
Donations	5,190	6,154
Contract R&D consultancies	9,087	9,535
Contract services	1,869	598
Other income – miscellaneous	514	531
Operating Revenue	38,391	35,769
Rental income	3,724	3,588
Prepaid rent amortisation	829	829
Other Income	4,553	4,417

4. Personnel Expenses

Salary and wages	19,381	19,385
Employee entitlements	1,977	2,095
	21,358	21,480

5. Other Expenses

Net loss on disposal of property, plant and equipment	–	3
Operating lease rental expenses	233	123
Facilities and laboratory support	2,957	1,977
Other administration	2,870	4,030
	6,060	6,133

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

6. Auditors' Remuneration	NOTE	2017 \$	2016 \$
Audit Service - KPMG Australia:			
Audit and review of financial reports		51,250	50,000
Other regulatory audit services		—	—
		51,250	50,000
7. Net Financing Costs		\$'000	\$'000
Interest income		157	306
Financial Income		157	306
Increase in fair value of derivatives		613	554
Interest expense		(1,677)	(1,699)
Financial Expenses		(1,064)	(1,145)
Net Financing Costs		(907)	(839)
8. Trade and Other Receivables			
<i>Current</i>			
Trade receivables		4,830	3,791
Less: allowance for doubtful debts		—	—
		4,830	3,791
9. Investments			
<i>Current Investments</i>			
• Investment in Historical Investments Pty Ltd -4999 fully paid shares at donated value		—	2,100
<i>Non-Current Investments</i>			
• Investment in AMREP AS Pty Ltd – animal facility 306 fully paid shares		2,803	3,400
• Fully paid ordinary shares in Ascend Biopharmaceuticals Pty Ltd valued at cost		—	—
	24	2,803	3,400
Reconciliation:			
Total Non-current investments opening balance		3,400	2,265
Write up of investments upon adoption of equity accounting		—	1,393
Share of loss		(551)	(8)
Return of capital		(46)	(250)
Total Non-current investments closing balance		2,803	3,400

During the prior year the Group adopted the Equity Method of accounting for the investment in AMREP AS Pty Ltd due to a change in the constitution of the company. As at year end, Burnet Institute owns 50% (2016: 50%) of the shares in the company, which is based in Victoria. AMREP AS Pty Ltd is a provider of animal house services whose total comprehensive deficit was \$1,103k, revenues were \$3,480k (2016: \$3,351k), total assets were \$6,329k (2016: \$7,654k) and total liabilities were \$623k (2016: \$845k).

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

9. Investments (cont.)

During the year the Group received dividends from Historical Investments, the proceeds of which were applied to the investment balance and the excess was recorded as a donation.

As at 31 December 2017, the Group held 7.0% (2016: 7.7%) of Ascend Biopharmaceuticals Pty Ltd (formerly IgAvax Pty Ltd). The amount of investment in this company was \$nil and the contribution to the surplus of the Group was \$nil.

	Leasehold buildings \$'000	Plant and equipment \$'000	Total \$'000
10. Property, Plant and Equipment			
Cost			
Balance at 1 January 2016	71,888	10,583	82,471
Acquisitions	–	1,112	1,112
Disposals	–	(196)	(196)
Balance at 31 December 2016	71,888	11,499	83,387
Balance at 1 January 2017	71,888	11,499	83,387
Acquisitions	–	1,137	1,137
Disposals	–	(1,592)	(1,592)
Balance at 31 December 2017	71,888	11,044	82,932
Depreciation			
Balance at 1 January 2016	(12,383)	(7,563)	(19,946)
Depreciation charge for the year	(1,713)	(804)	(2,517)
Disposals	–	193	193
Balance at 31 December 2016	(14,096)	(8,174)	(22,270)
Balance at 1 January 2017	(14,096)	(8,174)	(22,270)
Depreciation charge for the year	(1,713)	(873)	(2,586)
Disposals	–	1,484	1,484
Balance at 31 December 2017	(15,809)	(7,563)	(23,372)
Carrying amounts			
At 1 January 2016	59,505	3,020	62,525
At 31 December 2016	57,792	3,325	61,117
At 1 January 2017	57,792	3,325	61,117
At 31 December 2017	56,079	3,481	59,560

The existing leasehold within the Burnet Tower is subject to a 50-year lease ending in 2060. The Alfred Centre Stage 2 (ACS2) leasehold building floors are subject to a 40-year lease for levels 4 to 6 (ending 2050) and a 50-year lease for level 7 (ending 2060).

The original carrying value of the Group's interest in the ACS2 project was based on the March 2010 valuation of the future cash flows, discounted to their present value. Depreciation has been recorded on this asset since it was first recognised.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

	2017 \$'000	2016 \$'000
11. Borrowings		
This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost.		
<i>Current</i>		
Finance lease liabilities	287	103
Current portion of secured bank loans (ACS2)	600	600
	887	703
<i>Non-current</i>		
Finance lease liabilities	682	469
Non-current portion of secured bank loans (ACS2)	32,250	32,850
	32,932	33,319

Finance lease liabilities are payable as follows:

31 December 2016 (\$'000)	Minimum Lease Payments	Interest	Principal
Less than one year	130	27	103
Between one and five years	513	44	469
More than five years	–	–	–
	643	71	572
31 December 2017 (\$'000)	Minimum Lease Payments	Interest	Principal
Less than one year	329	42	287
Between one and five years	719	37	682
More than five years	–	–	–
	1,048	79	969

Financing arrangements-Bank loans

Interest rate on finance lease liabilities was 4.96% (2016: 5.04%). During 2008, the Institute entered into an arrangement with its bank to borrow \$35.25 million at the prevailing 90-day BBSW plus 0.85% line fee. This bank loan is secured by a fixed and floating charge over all of the Burnet Institute's assets. The loan is for a period of ten years effective May 2011. Refer Note 14 for details of the swap associated with this loan. The Burnet Institute is compliant with all bank covenants. One of the bank covenants requires the Institute to maintain an investment balance of at least \$5 million, which as at 31 December 2017 and 31 December 2016 is all invested in short-term deposits.

	NOTE	2017 \$'000	2016 \$'000
12. Provisions			
<i>Current</i>			
Liability for long-service leave		1,902	1,770
Liability for annual leave		1,066	1,023
		2,968	2,793
<i>Non-current</i>			
Liability for long-service leave		1,371	1,434

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

12. Provisions (cont.)

NOTE

2017

2016

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	3.1%	3.1%
Average discount rate	3.5%	3.6%
Settlement term (years)	9	9
Number of employees		
Number of employees at year end (FTE)	176	173

Superannuation plans:

The Group contributes to various accumulation style superannuation plans. Employer contributions are at the rate required to satisfy its obligations under the Superannuation Guarantee legislation, currently 9.5% of salary. The Group may make additional contributions by agreement with employees.

13. Deferred Income

\$'000

\$'000

<i>Current</i>		
Other grants	10,352	11,367
Deferred donations	847	843
Rentals received in advance	829	829
	12,028	13,039

General research operating grants are deferred where there is an obligation to repay amounts which are not spent in accordance with the conditions specified.

Non-current

Rentals received in advance	7,519	8,347
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The rentals received in advance relate to: The Baker IDI Heart and Diabetes Institute's contribution to the ACS2 project which covers a 21-year lease of part of level 4; and to Monash University in respect of space given up in the Burnet Tower in exchange for 13 years rent-free space in the ACS2 project.

14. Derivatives

Non-current

Interest rate swap	1,867	2,480
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In 2010, the Institute entered into an interest rate swap transaction whereby \$20.4 million of the secured bank loan to finance ACS2 is fixed at an interest rate of 6.025% (before line fees) until 30 September 2020. The cap and swap transactions were taken out to provide long-term protection from exposure to rising interest rates.

15. Capital and Reserves

Building reserve

The building reserve relates to building and relocation grants received and expenses incurred in connection with the premises occupied by the Institute. Where a building is permanently vacated the related reserve will be derecognised.

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

16. Operating Leases	NOTE	2017 \$'000	2016 \$'000
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Leases as lessee

Non-cancellable operating lease rentals payable:

Less than one year	181	272
Between one and five years	64	245
More than five years	—	—

	245	517
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Leases as lessor

The Institute leases out space that it controls to third parties.

Non-cancellable operating lease rentals receivable:

Less than one year	3,736	3,197
Between one and five years	14,505	11,575
More than five years	36,273	39,117

	54,514	53,889
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17. Notes to the Consolidated Statement of Cash Flows

(i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding overdrafts.

(ii) Reconciliation of operating deficit after income tax to net cash from operating activities:

Cash flows from operating activities

Deficit for the period	(2,278)	(1,013)
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Adjustments for:

Depreciation	10	2,586	2,517
Amortisation of rent in advance	3	(828)	(829)
Lease revenue not billed		(264)	86
Increase in provision for doubtful debts		—	—
Change in fair value of derivatives	7	(613)	(554)
Equity accounting of investment		551	(1,385)
Donation of Investment		—	(2,100)
Amounts set aside in provisions		112	227
(Gain)/Loss on disposal of property, plant and equipment		(8)	3
Foreign currency translation		(17)	(67)

Operating surplus/(deficit) before changes in working capital and provisions	(759)	(3,115)
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(Increase)/decrease in trade and other receivables	(1,039)	(881)
(Increase)/decrease in inventories	(8)	(2)
(Increase)/decrease in other assets	72	39
(Decrease)/increase in grant deferred income	(1,011)	1,106
(Decrease)/increase in trade and other payables	261	437
(Decrease)/increase in current tax liabilities	(17)	(23)

Net Cash from Operating Activities	(2,501)	(2,439)
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Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

18. Remuneration of Key Management Personnel	2017 \$	2016 \$
Short-term employee benefits	1,896,000	1,563,000

19. Particulars in Relation to Controlled Entities

The Group has a 100% interest in six subsidiary companies which were originally formed to manage R&D projects in partnership with other parties. Other than intellectual property these companies have no material assets or liabilities. As there is no reliable measure of the value of this intellectual property, the carrying value of the investment in the following companies is recorded as \$nil. The Group also co-founded a company during 2016 to commercialise an existing testing service. No results appear in these financial statements for this company as it is not actively trading in its own right. The Group has acquired three companies in China. The results of these Chinese companies are recorded in these financial statements.

Entity	Interest Held 2017 %	2016 %	Country of Incorporation
Macfarlane Burnet Syndicate No. 1 Pty Ltd	100	100	Australia
Macfarlane Burnet Syndicate No. 2 Pty Ltd	100	100	Australia
Hep R&D Pty Ltd	100	100	Australia
Actract Pty Ltd	100	100	Australia
Hepgenics Pty Ltd	100	100	Australia
Picoral Pty Ltd	100	100	Australia
360 Biolabs Pty Ltd	75	75	Australia
Burnet Institute (Hong Kong) Limited	100	100	Hong Kong
Biopoint Nanjing Diagnostic Technology Co. Limited	78.75	78.75	China
Biopoint Hong Kong Limited	78.75	78.75	Hong Kong

During 2014 another party contributed equity to Biopoint Hong Kong Limited which resulted in them owning 21.25% of the shares in Biopoint Hong Kong Limited and thus a 21.25% interest in Biopoint Nanjing Diagnostic Technology Co. Limited, and Burnet recording a gain from their dilution of \$2.35 million which was recorded in equity. The consolidated result for Burnet Institute (Hong Kong) was a deficit of \$6k. The consolidated result for the Biopoint subsidiary companies was a deficit of \$672k, of which \$143k is attributable to the non-controlling interest. The consolidated result for the 360 Biolabs was a surplus of \$514k, of which \$128k is attributable to the non-controlling interest.

20. Related Party Transactions

The Group purchased services from AMREP AS Pty Ltd during the year on normal commercial terms amounting to \$32,759 (2016: \$13,634). During the year various Directors made donations to the Group totalling \$541,500 (2016: \$33,100). During the year arm's length transactions were made with a Director-related entity amounting to \$14,103 (2016: \$10,601).

21. Subsequent Events

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

22. Segment Information

The Group has two reportable segments, as described below, which represent the two main focuses of the Group. For each segment the CEO reviews internal management reports on a regular basis. The Group operates out of one geographical area, Australia, with projects being implemented in various areas, including Australia, Asia, Africa and the Pacific.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

22. Segment Information (cont.)

The following summary describes the operations in each of the Group's reportable segments.

- Property Management – Includes rental income and expenses associated with the space leased;
- Medical Research and Public Health – Includes activities around the conduct of medical research and the provision of public health work.

Information regarding the results of each reportable segment are included below. Performance is measured based on segment surplus or deficit in addition to non-financial metrics.

Information about reportable segments (\$'000)	Property Management		Medical Research & Public Health		Total	
	2017	2016	2017	2016	2017	2016
External revenues	4,553	4,417	38,391	37,154	42,944	41,571
Inter-segment revenue	–	–	–	–	–	–
Interest income	128	226	29	80	157	306
Interest expense	(1,677)	(1,699)	–	–	(1,677)	(1,699)
Depreciation and amortisation	(1,285)	(1,285)	(1,301)	(1,232)	(2,586)	(2,517)
Reportable segment profit/(loss)	1,913	1,873	(4,191)	(2,886)	(2,278)	(1,013)
Other material non-cash items						
• Fair value adjustment of derivative	613	554	–	–	613	554
Reportable segment assets	51,563	52,589	30,363	33,931	81,926	86,520
Investment in associates	–	–	2,803	3,400	2,803	3,400
Capital expenditure	–	–	1,137	1,112	1,137	1,112
Reportable segment liabilities	43,421	45,407	19,178	19,491	62,599	64,898

23. Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest-rate risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash on deposit and from the Group's receivables from customers and investment securities. In relation to credit risk arising from cash on deposit, the Group only deposits with highly rated counterparties as approved by the Board.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. Work is only undertaken for another entity once a contract for services has been signed. The demographics of the Group's debtor base, including the default risk of the industry and country in which debtors operate, have less of an influence on credit risk. Approximately 34% (2016: 31%) of the Group's revenue is attributable to transactions with a single debtor, being the Commonwealth Government. However, geographically there is only concentration of credit risk in Australia. Most of the Group's debtors have been transacting with the Group for several years, and losses have occurred infrequently. In monitoring debtor credit risk, debtors' ageing profiles are reviewed as well as any existence of previous financial difficulties. The Group has established an allowance for impairment that represents its estimate of possible losses in respect of trade and other receivables. This allowance is the aggregate of specific possible losses from identified debtors.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

23. Financial Risk Management (cont.)

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a solid credit rating in consultation with the Board and other advisors. Management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitor cash flow requirements on a daily basis to optimise its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations without the need to draw down from its investments; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following line of credit:

- \$250,000 overdraft facility that is secured against the assets of the Group. Interest would be payable at the base lending rate plus 0.75% margin.

Capital risk management

During 2008, the Burnet Institute entered into an arrangement with its bank to borrow \$35.25 million at the prevailing 90-day BBSW plus 0.85 per cent line fee. This bank loan is secured by a fixed and floating charge over all of the Burnet Institute's assets. The loan translated from a construction facility to a term facility in May 2011 and is for a period of 10 years. Refer to Note 14 for details of the swap associated with this loan. Principle is repaid over the course of the term facility according to an agreed schedule as set out in the Loan Agreement. Management monitor the loan facility to ensure that all loan covenants and reporting requirements are met.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group can enter into derivatives in order to manage market risks in consultation with the Board and other advisors. As explained above, the only derivative financial instruments the Group is currently involved in are a cap and a swap transaction (Note 15) to manage potential interest rate fluctuations on the ACS2 loan facility. Group risk is also minimised due to limited holdings of foreign currency and equities.

Interest rate risk

The Group has adopted a policy to mitigate its interest rate risk by entering into interest rate swaps and caps to manage its overall exposure. Refer Note 14.

24. Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Carrying amount	NOTE	2017 \$'000	2016 \$'000
Investments	9	2,803	5,500
Trade and Other Receivables		6,826	5,523
Cash and cash equivalents		12,329	13,908
		21,958	24,931

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

24. Financial Instruments (cont.)

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	2017 \$'000	2016 \$'000
Carrying amount		
Australia	5,595	4,989
Asia	452	18
North America	433	245
Europe	346	271
	6,826	5,523

Impairment losses:

The ageing of the Group's trade receivables at the reporting date was:

Carrying amount		
Not past due	4,649	4,610
Past due 0-30 days	1,189	635
Past due 31-60 days	336	163
More than 60 days past due	652	115
Less allowance for doubtful debts	—	—
	6,826	5,523

There was no impairment loss recognised on investments. The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

Liquidity risk

The following are the contractual maturities of financial liabilities measured at amortised cost, including estimated interest payments and excluding the impact of netting agreements:

31 December 2016 (\$'000)	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loan	33,450	42,386	1,492	1,482	2,931	36,481	—
Trade and other payables	2,731	2,731	2,731	—	—	—	—
Current tax liabilities	52	52	52	—	—	—	—
Finance lease liabilities	572	643	65	65	130	383	—
	36,805	45,812	4,340	1,547	3,061	36,864	—
31 December 2017 (\$'000)	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loan	32,850	39,412	1,471	1,460	2,887	33,594	—
Trade and other payables	2,992	2,992	2,992	—	—	—	—
Current tax liabilities	35	35	35	—	—	—	—
Finance lease liabilities	969	1,048	165	164	432	287	—
	36,846	43,487	4,663	1,624	3,319	33,881	—

Contractual cash flows for the secured bank loan are estimated assuming an average interest rate of 7.21% over the life of the loan with principal repayments as set out in the loan agreement.

Notes to the Consolidated Financial Statements

(FOR THE YEAR ENDED 31 DECEMBER)

24. Financial Instruments (cont.)

Foreign currency risk

The Group is exposed to foreign currency risk on revenue, purchases and bank accounts that are denominated in a currency other than the functional currency of the Parent Entity. The currency giving rise to this risk is primarily US dollars (USD). At any point in time the Group has a natural hedge on USD transactions as it holds a USD bank account to pay USD-denominated expenses.

Sensitivity analysis

For the year ended 31 December 2017, it is estimated that a general increase of one percentage point in interest rates would have increased the Group's deficit by approximately \$16,000 (2016: decrease \$5,000).

As at 31 December 2016, it is estimated that a general increase of ten percentage points in the value of the AUD against other foreign currencies would have increased the Group's deficit by approximately \$117,177 (2016: \$106,512).

Fair values

The fair value of relevant recognised assets and liabilities are approximate to the values shown in the Statement of Financial Position.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
31 December 2016 (\$'000)				
Derivative financial liabilities	–	2,480	–	2,480
31 December 2017 (\$'000)				
Derivative financial liabilities	–	1,867	–	1,867

25. Parent Entity Disclosures	2017	2016
	\$'000	\$'000

Result of the parent entity

Surplus/(deficit) for the period	(1,601)	(261)
Other comprehensive income	–	–
Total comprehensive income for the period	(1,601)	(261)

Financial position of the parent entity at year end

Current assets	16,252	19,688
Total assets	81,167	85,801
Current liabilities	(18,989)	(18,935)
Total liabilities	(61,996)	(64,515)
Total equity of the parent entity comprising of:		
Retained earnings	(5,746)	(1,718)
Building reserve	24,917	23,004
Total equity	19,171	21,286

As at, and throughout, the financial year ending 31 December 2017 the parent entity of the Group was the Burnet Institute.

Burnet Institute International Development Activities Operating Statement (FOR THE YEAR ENDED 31 DECEMBER)

	2017 \$'000	2016 \$'000
Revenue		
Donations and gifts – monetary	679	–
Donations and gifts – non-monetary	–	–
Bequests and legacies	–	–
Grants:		
• DFAT	5,386	4,730
• Other Australian	1,305	1,455
• Other Overseas	2,587	3,495
Investment Income	–	–
Commercial Activities Income	–	–
Other Income	1,230	1,579
Revenue for international political or religious proselytisation programs	–	–
Total revenue	11,187	11,259
Expenditure		
International aid and development programs expenditure		
International programs:		
• Funds to international programs	10,515	11,092
• Program support costs	1,103	870
Community education	–	–
Fundraising costs:		
• Public	–	–
• Government, multilaterals and private	–	–
Accountability and administration	249	388
Non-monetary expenditure	–	–
Total international aid and development programs expenditure	11,867	12,350
Expenditure for international political or religious proselytisation programs	–	–
Domestic programs expenditure	164	253
Commercial Activities Expenditure	–	–
Other Expenditure	–	–
Total expenditure	12,031	12,603
(Shortfall)/Excess of revenue over expenditure	(844)	(1,344)
Other Comprehensive Income	–	–
Total Comprehensive Income	(844)	(1,344)

Notes:

This operating statement represents IFRS financial information and is extracted specifically for the operations of the International Health Programs as required by the ACFID Code of Conduct. The deficit represents the Burnet Institute's additional financial contribution to the program.



ACFID
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The Macfarlane Burnet Institute for Medical Research and Public Health Limited is a signatory to the Australian Council for International Development Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management. These financial statements have been prepared in accordance with the requirements set out in the ACFID code of conduct. More information about the ACFID Code of Conduct can be obtained from ACFID.

Directors' Declaration

(FOR THE YEAR ENDED 31 DECEMBER)

1. In the opinion of the Directors of the Burnet Institute:

(a) the Financial Statements and Notes, set out on pages 9 to 31, are in accordance with the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-Profit Commission Act 2012 including:

(i) giving a true and fair view of the financial position of the Group at 31 December 2017 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards, the Australian Council for International Development Code of Conduct and the Australian Charities and Not-for-Profit Commission Regulations; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this
17th day of April 2018

Signed in accordance with a resolution of the Directors:



Alison Larsson
Director



Ross Cooke
Director

Indeendent Auditor's Reoort

To the members of Macfarlane Burnet Institute for Medical Research and Public Health Ltd

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Macfarlane Burnet Institute for Medical Research and Public Health Ltd (the Group).

In our opinion, the accompanying **Financial Report** of the Group is in accordance with:

- Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
 - ii. complying with *Australian Accounting Standards* and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.
- Compliance Indicator 8.3.2 of the Australian Council for International Development (ACFID) Code of Conduct Annual Reporting Checklist.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2017;
- ii. Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies;
- iv. The Burnet Institute International Development Activities Operating Statement; and
- v. Directors' Declaration.

The **Group** consists of Macfarlane Burnet Institute for Medical Research and Public Health Ltd (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other information

Other Information is financial and non-financial information in Macfarlane Burnet Institute for Medical Research and Public Health Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC and that complies with Compliance Indicator 8.3.2 of the Australian Council for International Development (ACFID) Code of Conduct Annual Reporting Checklist.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it

exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

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

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



KPMG



Simon Dubois
Partner
Melbourne
17 April 2018

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