

McGARVIE SMITH INSTITUTE

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

McGARVIE SMITH INSTITUTE

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

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The financial report covers McGarvie Smith Institute as an individual entity. The financial report is presented in the Australian currency.

The financial report was authorised for issue by the trustees on 11 December 2023. The Trust has the power to amend and reissue the financial report.

McGARVIE SMITH INSTITUTE

TRUSTEES' REPORT

For the year ended 30 June 2023, the Trustees' report the following:

1. a. The Trustees reaffirm the policy of making available the maximum funds to appropriate research projects whilst collaterally maintaining a capital base at a level above the rate of inflation. Grants approved and paid this year of \$132,537 were directed to research in the following areas:
 - University of Sydney for a study of comparative analysis of footrot microbiome and resistomes in different environmental conditions;
 - University of Sydney for the investigation of *Coxiella burnetii* infection, proliferation and shedding in bovine mammary epithelial cells;
 - University of Sydney for research into the effects of *Haemaphysalis longicornis* and *Theileria parasitism* on cattle responsiveness to vaccines
 - A joint research project between EMAI & THE University of Sydney looking at the development and validation of a *Dichelobacter nodosus* virulence gene expression test with clinical diagnosis of footrot from NSW sheep flocks.
 - b. The maturity dates of the Institute's cash investments have been staggered over the medium term while sufficient short term investments will cover forthcoming commitments and anticipated research applications.
2. With respect to the Financial Report of the Institute:
 - a. The results of the Institute's operations for the year covered by the Income Statement have not been materially affected by items of an unusual character.
 - b. No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.
 - c. There are no commitments which will become enforceable within the succeeding period of twelve months which will materially affect the Institute in its ability to meet its obligations as and when they fall due.
 - d. Current assets will realise values at which they are shown in the Statement of Financial Position.
 - e. The Income Statement of the Institute is drawn up so as to present fairly the results of the business of the Institute for the year covered by the Financial Report and the Balance Sheet is drawn up so as to present fairly the state of affairs of the Institute at the end of the year.

By and on Behalf of the Trustees



Chairman of Trustees



Trustee

Sydney

Dated:

24/ Jun/ 23

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
INCOME		\$	\$
Interest Received			
AMP		4,522	2,837
ATO		394	1
Adelaide Bank		-	2,000
Bank of Queensland		-	1,125
DDH Graham – Money Market Account		-	-
ME Bank		26,920	3,821
Macquarie Bank		8,579	356
National Australia Bank		-	1,500
Suncorp Bank		3	3
		40,418	11,643
Distributions from Trusts			
Perls VI		6,845	3,951
		6,845	3,951
Dividends Received			
Australia and New Zealand Banking Group Limited		7,215	7,018
BHP Billiton Limited		19,468	47,039
Coles Group		2,082	1,925
Commonwealth Bank of Australia		13,583	14,007
Challenger Limited		3,850	4,840
CSR Limited		4,244	-
Estia Health Limited		1,357	1,705
Endeavor Group Limited		711	631
Janus Henderson Group Plc		4,507	4,675
National Australia Bank		7,512	6,318
Pendal Group		4,303	7,428
Perpetual Limited		1,380	4,368

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2023
(Continued)**

	Note	2023	2022
		\$	\$
South32 Limited		5,373	-
WAM Capital Limited		11,625	11,625
Wesfarmers Limited		7,736	6,131
Westpac Banking Corporation		9,308	8,405
Woodside Petroleum Limited		15,887	6,241
Woolworths Limited		2,454	2,745
Telstra Corporation Limited		2,805	2,640
		125,400	137,741
Other Income			
Refund of Imputation Credits		52,967	55,857
Profit/(Loss) on Sale of Non-Current Assets		(61,487)	106,782
		(8,520)	162,639
TOTAL INCOME		164,143	315,974
EXPENSES			
Audit and Accountancy Fees	2	13,829	12,825
Bank Charges		-	33
Investment Advice		12,282	11,993
NSFS Adviser Fees		-	2,050
Secretarial Fees		27,500	26,000
Sundry Expenses		2,500	2,528
Trustees' Fees		3,368	3,368
TOTAL EXPENSES		59,479	58,797
 OPERATING PROFIT		 104,664	 257,177

**The above income statement should be read
in conjunction with the accompanying notes.**

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2023
(Continued)**

	Note	2023 \$	2022 \$
OPERATING PROFIT BROUGHT FORWARD		104,664	257,177
LESS: RESEARCH GRANTS			
University of Sydney			
- Comparative analysis of footrot microbiome and resistomes		(66,440)	(10,000)
- Investigation of <i>Coxiella burnetii</i> infection, proliferation and shedding in bovine mammary epithelial cells		-	(5,000)
- Effects of <i>Haemaphysalis longicornis</i> and <i>Theileria</i> parasitism on cattle responsiveness to vaccines		(32,765)	(32,765)
- Refund of Development of recombinant antigen for vaccine, control and prevention of footrot		69,470	-
NSW Department of Primary Industries			
- Gene editing in Australian merino sheep		(19,333)	-
- Comparison of Elastase Virulence Test		(14,000)	-
- Bluetongue virus vaccine project		-	-
- Gene expression test for diagnosis of footrot in NSW sheep flocks		-	(57,022)
TOTAL RESEARCH GRANTS		(63,068)	(104,787)
NET (LOSS)/PROFIT AFTER PAYMENT OF RESEARCH GRANTS		41,596	152,390
Retained Profits at the Beginning of the Financial Year		3,391,651	3,239,261
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		3,433,247	3,391,651

The above income statement should be read in conjunction with the accompanying notes.

McGARVIE SMITH INSTITUTE

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	589,876	189,192
Receivables	4	57,760	94,874
Financial Assets	5	1,235,370	1,455,923
TOTAL CURRENT ASSETS		1,883,006	1,739,989
NON-CURRENT ASSETS			
Financial Assets	5	1,890,805	1,981,298
TOTAL NON-CURRENT ASSETS		1,890,805	1,981,298
TOTAL ASSETS		3,773,811	3,721,287
CURRENT LIABILITIES			
Payables	6	36,472	25,545
TOTAL CURRENT LIABILITIES		36,472	25,545
TOTAL LIABILITIES		36,472	25,545
NET ASSETS		3,737,339	3,695,742
EQUITY			
Reserves		304,091	304,091
Retained Profits		3,433,247	3,391,651
TOTAL EQUITY		3,737,338	3,695,742

**The above income statement should be read
in conjunction with the accompanying notes.**

McGARVIE SMITH INSTITUTE

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
		\$	\$
EQUITY MOVEMENT			
Opening Balance		3,695,742	3,543,352
Current Year Profit/(Loss)		41,596	152,390
Closing Balance		<u>3,737,338</u>	<u>3,695,742</u>

**The above income statement should be read
in conjunction with the accompanying notes.**

McGARVIE SMITH INSTITUTE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, Dividend and Trust Distributions Received		235,804	154,009
Cash Payments in the course of operations		(51,059)	(47,375)
Grants Paid		(63,067)	(96,513)
Net Cash Provided by/(Used in) Operating Activities	9ii	121,678	10,121
 CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Investments		505,122	301,747
Payments for Investments		(226,115)	(408,635)
Net Cash Provided by/(Used in) Investing Activities		279,007	(106,888)
 NET INCREASE/(DECREASE) IN CASH HELD			
Cash at the Beginning of the Financial Year		189,192	285,959
CASH AT THE END OF THE FINANCIAL YEAR	9i	589,877	189,192

**The above cash flow statement should be read
in conjunction with the accompanying notes.**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1 BASIS OF PREPARATION

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the McGarvie Smith Institute Incorporation Act, 1928. The trustees have determined that the company is not a reporting entity.

McGarvie Smith Institute is an entity limited by shares, incorporated and domiciled in Australia.

The financial statements were approved by the Trustees on 11 December 2023.

Basis of Preparation

The report has been prepared in accordance with the requirements of the McGarvie Smith Institute Incorporation Act, 1928 and the following applicable Australian Accounting Standards and Urgent Issues Group Interpretations.

- AASB 101 – Presentation of Financial Statements
- AASB 107 – Cash Flow Statements
- AASB 108 – Accounting Policies, Changes in Accounting and Estimates and Errors
- AASB 110 – Events after the Balance Sheet Date: and
- AASB 1031 – Materiality

No other Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a Recognition of Income and Expenditure

With the exception of managed investments in the Bell Potter Portfolio account, income is brought to account when received and expenses are accounted for on an accruals basis.

b Investments

Investments are stated at average cost. The carrying amount of investments is reviewed annually by Trustees to ensure they are not in excess of the recoverable amount of these investments.

McGARVIE SMITH INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1 BASIS OF PREPARATION (Continued)

c Goods and Services Tax

Revenues, 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 Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a net 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.

d Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

e Financial Assets

Financial assets are recorded at average cost.

2023	2022
\$	\$

2 AUDITORS REMUNERATION

Total amount received and receivable by the auditors of the Institute for:

• Audit of the financial report – Baker Taylor Pty Ltd	5,192	5,273
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3 CASH AND CASH EQUIVALENTS

Current

Cash at Bank

- Macquarie Cash Management Account	589,662	188,981
- Suncorp Bank	214	211
	589,876	189,192

4 RECEIVABLES

Current

GST Receivable	4,793	2,286
2022 Franking Credit Refund	-	92,588
2023 Franking Credit Refund	52,967	-
	57,760	94,874

McGARVIE SMITH INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

5 FINANCIAL ASSETS

	2023	2022
	\$	\$
Current		
At Call Deposits		
- Members Equity Business Online Savings Account	981,855	954,935
- AMP Business Saver Account	253,515	250,988
	<u>1,235,370</u>	<u>1,205,923</u>
Term Deposits		
- Bank of Queensland	-	-
- NAB Term Deposit	-	-
- AMP	-	250,000
- Bank of Adelaide	-	-
	<u>-</u>	<u>250,000</u>
TOTAL CURRENT FINANCIAL ASSETS	<u>1,235,370</u>	<u>1,455,923</u>
Non-Current		
<i>Unsecured Notes (Market Value \$153,299)</i>		
- 1,500 CBA Perls VI	150,000	150,000
<i>Shares in Public Companies (Market Value \$1,960,006)</i>		
- ANZ Banking Group Limited - 4,942 shares	117,756	117,756
- BHP Group Limited - 4,972 shares	121,011	121,011
- Challenger Limited - 0 shares	-	152,758
- Coles Group Limited - 3,155 shares	33,644	33,644
- Commonwealth Bank of Australia Limited - 3,234 shares	134,850	134,850
- CSR Limited – 12,300 shares	74,717	74,717
- Endeavor Group Limited – 0 shares	-	5,490
- Estia Health Limited - 36,667 shares	147,353	147,353
- Janus Henderson Group Plc - 1,950 shares	90,296	90,296
- National Australia Bank – 4,975 shares	122,752	122,752
- Pandal Group – 0 shares	-	158,360
- Perpetual Limited – 4,109 shares	101,311	-
- South32 Limited – 30,300 shares	124,804	-
- Telstra Corporation Limited – 16,500 shares	50,113	50,113
- WAM Capital Limited - 75,000 shares	175,604	175,604
- Wesfarmers Limited - 4,115 shares	129,331	129,331
- Westpac Banking Corporation - 6,946 shares	134,875	134,875
- Woodside Energy Limited - 4,232 shares	156,944	156,944
- Woolworths Group Limited - 2,479 shares	25,444	25,444
	<u>1,740,805</u>	<u>1,831,298</u>
TOTAL NON-CURRENT FINANCIAL ASSETS	<u>1,890,805</u>	<u>1,981,298</u>
TOTAL FINANCIAL ASSETS	<u>3,126,175</u>	<u>3,437,221</u>

McGARVIE SMITH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6 PAYABLES

	2023	2022
Current	\$	\$
Sundry Creditors	36,472	25,545

7 COMMITMENTS

The McGarvie Smith Roy Watts research Masters/PhD Scholarship involves offering one scholarship each year across a range of NSW universities for Masters or PhD students who work in the veterinary or related sciences and their research has a demonstrable benefit to the production livestock industries of NSW. A second scholarship may be offered depending on the quality of the research being undertaken. The institute is committed to spending up to \$10,000 for a scholarship each year. Further commitments will be subject to a review of the scholarship by the trustees on an annual basis.

McGARVIE SMITH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8 **ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**

a **Interest Rate Risk**

Interest Rate Risk Exposures

The Institute's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing in		Non- Interest Bearing	Total
				1 Year or Less	Over 1 to 5 Years		
2023			\$	\$	\$	\$	\$
Financial Assets							
Cash assets	3	1.85%	589,876	-	-	-	589,876
Receivables	4	-	-	-	-	57,760	57,760
Financial Assets	5	6.02%	1,890,805	1,235,370	-	-	3,126,175
Financial Liabilities							
Payables	6					36,472	36,472
2022			\$	\$	\$	\$	\$
Financial Assets							
Cash assets	3	0.15%	189,192	-	-	-	189,192
Receivables	4	-	-	-	-	94,874	94,874
Financial Assets	5	6.54%	1,981,298	1,455,923	-	-	3,437,221
Financial Liabilities							
Payables	6					25,545	25,545

McGARVIE SMITH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Continued)

b Net Fair Values of Financial Assets and Liabilities

On-Balance Sheet Financial Instruments

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	2023 Net Fair Value S	2023 Carrying Amount S	2022 Net Fair Value S	2022 Carrying Amount S
Financial Assets				
Cash assets	589,876	589,876	189,192	189,192
Receivables	57,760	57,760	94,874	94,874
Financial Assets	3,494,350	3,126,175	3,569,228	3,437,221
Financial Liabilities				
Payables	36,472	36,472	25,545	25,545

Cash assets, receivables and payables are not readily traded on organised markets in a standardised form. Financial assets may be readily traded on organised markets in a standardised form.

McGARVIE SMITH INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

9 NOTES TO THE STATEMENT OF CASH FLOWS

- i** For the purposes of the Statement of Cash Flows, Cash and cash equivalents includes Cash at Bank.

Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2023	2022
	\$	\$
Cash at Bank	589,662	188,981
Suncorp Bank	214	211
	589,876	189,192

- ii Reconciliation of Net Profit to Net Cash Provided by Operating Activities:**

Net Profit/(Loss)	41,596	152,390
Loss/(Gain) on Sale of Financial Assets	61,487	(106,782)
In specie dividend/interest received	(29,447)	(26,724)
Changes in Assets and Liabilities		
Increase/(Decrease) in Payables	10,927	11,156
Decrease/(Increase) in Receivables	39,621	(28,458)
Decrease in GST	(2,506)	8,539
Net Cash Provided by Operating Activities	121,678	10,121

10 RELATED PARTY DISCLOSURES

The persons who were trustees of the Institute in office during the financial year were:

Dr B.M. Christie (Chair)
 Mr J.D.O. Boyd
 Mr G.W. Mack
 Dr F.R. Doughty
 Dr B.J. Standen
 Mr S.J. Walker
 Dr J.T. Rothwell
 Dr J. E. Coombe
 Mr J. Young
 Mrs H. Baillieu