

McGARVIE SMITH INSTITUTE

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022**

McGARVIE SMITH INSTITUTE

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022**

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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 12 December 2022. The Trust has the power to amend and reissue the financial report.



**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE
McGARVIE SMITH INSTITUTE**

Scope

The financial report and trustees' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements for The McGarvie Smith Institute (the "Trust"), for the year ended 30 June 2022.

The trustees of the Trust are responsible for the preparation and true and fair presentation of the financial report in accordance with the McGarvie Smith Institute Incorporation Act 1928. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

We performed procedures to assess whether in all material respects the financial report presents fairly, a view which is consistent with our understanding of the Trust's financial position, and of its performance by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

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





BAKER • TAYLOR
ACCOUNTING & BUSINESS SERVICES

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We confirm that our independence status is that as indicated in our Auditor's Independence Declaration dated

~~DATE:~~ 10 Dec 2022

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the McGarvie Smith Institute Incorporation Act, 1928 and other mandatory professional reporting requirements, the financial position of McGarvie Smith Institute as at 30 June 2022 and its performance for the year then ended.

Baker Taylor Pty Limited
Chartered Accountants

Alan Baker
Director

North Sydney:
Dated: 10/12/2022



CHARTERED ACCOUNTANTS™
AUSTRALIA - NEW ZEALAND



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Trustees of McGarvie Smith Institute

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there has been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

.....
Baker Taylor Pty Limited

Chartered Accountants

Alan Baker

Director

North Sydney

Dated 10/12/2022

McGARVIE SMITH INSTITUTE

TRUSTEES' REPORT

For the year ended 30 June 2022, 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 \$104,787 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: 10 Dec 2022

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
INCOME			
Interest Received			
AMP		2,837	3,009
ATO		1	-
Adelaide Bank		2,000	-
Bank of Queensland		1,125	1,281
DDH Graham – Money Market Account		-	-
ME Bank		3,821	4,614
Macquarie Bank		356	4,637
National Australia Bank		1,500	2,229
Suncorp Bank		3	-
		11,643	15,770
Distributions from Trusts			
Perls VI		3,951	3,950
		3,951	3,950
Dividends Received			
Australia and New Zealand Banking Group Limited		7,018	2,965
BHP Billiton Limited		47,039	7,586
Coles Group		1,925	1,909
Commonwealth Bank of Australia		14,007	10,352
Challenger Limited		4,840	1,425
Estia Health Limited		1,705	-
Endeavor Group Limited		631	-
Janus Henderson Group Plc		4,675	7,250
National Australia Bank		6,318	2,659
Pendal Group		7,428	6,993
Perpetual Limited		4,368	2,501

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022
(Continued)**

	Note	2022	2021
		\$	\$
WAM Capital Limited		11,625	11,625
Wesfarmers Limited		6,131	5,774
Westpac Banking Corporation		8,405	6,182
Woodside Petroleum Limited		6,241	1,718
Woolworths Limited		2,745	3,266
Telstra Corporation Limited		2,640	1,320
		137,741	73,525
Other Income			
Refund of Imputation Credits		55,857	27,399
Profit on Sale of Non-Current Assets		106,782	930
		162,639	28,329
TOTAL INCOME		315,974	121,574
EXPENSES			
Audit and Accountancy Fees	2	12,825	12,500
Bank Charges		33	-
Investment Advice		11,993	10,013
NSFS Adviser Fees		2,050	2,037
Secretarial Fees		26,000	26,400
Sundry Expenses		2,528	1,445
Trustees' Fees		3,368	3,368
TOTAL EXPENSES		58,797	55,763
 OPERATING PROFIT		 257,177	 65,811

**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 2022
(Continued)**

	Note	2022 \$	2021 \$
OPERATING PROFIT BROUGHT FORWARD		257,177	65,811
LESS: RESEARCH GRANTS			
University of Sydney			
- Comparative analysis of footrot microbiome and resistomes		(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)	-
- Prevalence and impact of chronic benign footrot in NSW study		-	(10,000)
- Development of recombinant antigen for vaccine, control and prevention of footrot		-	(68,902)
NSW Department of Primary Industries			
- Border disease surveillance project		-	(26,644)
- Comparison of Elastase Virulence Test		-	(23,449)
- Bluetongue virus vaccine project		-	(37,653)
- Gene expression test for diagnosis of footrot in NSW sheep flocks		(57,022)	
TOTAL RESEARCH GRANTS		(104,787)	(166,648)
NET (LOSS)/PROFIT AFTER PAYMENT OF RESEARCH GRANTS		152,390	(100,837)
Retained Profits at the Beginning of the Financial Year		3,239,261	3,340,098
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		3,391,651	3,239,261

The above income statement should be read

in conjunction with the accompanying notes.

McGARVIE SMITH INSTITUTE

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	189,192	285,959
Receivables	4	94,874	37,310
Financial Assets	5	1,455,923	1,231,337
TOTAL CURRENT ASSETS		1,739,989	1,554,606
NON-CURRENT ASSETS			
Financial Assets	5	1,981,298	2,002,221
TOTAL NON-CURRENT ASSETS		1,981,298	2,002,221
TOTAL ASSETS		3,721,287	3,556,827
CURRENT LIABILITIES			
Payables	6	25,545	13,475
TOTAL CURRENT LIABILITIES		25,545	13,475
TOTAL LIABILITIES		25,545	13,475
NET ASSETS		3,695,742	3,543,352
EQUITY			
Reserves		304,091	304,091
Retained Profits		3,391,651	3,239,261
TOTAL EQUITY		3,695,742	3,543,352

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 2022**

	Note	2022 \$	2021 \$
EQUITY MOVEMENT			
Opening Balance		3,543,352	3,644,189
Current Year Profit/(Loss)		152,390	(100,837)
Closing Balance		<u>3,695,742</u>	<u>3,543,352</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 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, Dividend and Trust Distributions Received		154,009	131,157
Cash Payments in the course of operations		(47,375)	(59,470)
Grants Paid		(96,513)	(166,648)
Net Cash Provided by/(Used in) Operating Activities	9ii	<u>10,121</u>	<u>(94,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Investments		301,747	179,426
Payments for Investments		(408,635)	(158,412)
Net Cash Provided by/(Used in) Investing Activities		<u>(106,888)</u>	<u>21,014</u>
NET INCREASE/(DECREASE) IN CASH HELD			
Cash at the Beginning of the Financial Year		285,959	359,906
CASH AT THE END OF THE FINANCIAL YEAR	9i	<u>189,192</u>	<u>285,959</u>

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 2022**

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 12 December 2022.

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 2022**

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.

2022	2021
\$	\$

2 AUDITORS REMUNERATION

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

• Audit of the financial report – Baker Taylor Pty Ltd	5,273	5,000
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3 CASH AND CASH EQUIVALENTS

Current

Cash at Bank

- Macquarie Cash Management Account	188,981	285,718
- Suncorp Bank	211	241
	189,192	285,959

4 RECEIVABLES

Current

GST Receivable

2021 Franking Credit Refund

2022 Franking Credit Refund

2,286	9,911
-	27,399
92,588	-
94,874	37,310

McGARVIE SMITH INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5 FINANCIAL ASSETS

	2022	2021
Current	\$	\$
At Call Deposits		
- Members Equity Business Online Savings Account	954,935	281,337
- AMP Business Saver Account	250,988	-
	1,205,923	281,337
Term Deposits		
- Bank of Queensland	-	250,000
- NAB Term Deposit	-	200,000
- AMP	250,000	250,000
- Bank of Adelaide	-	250,000
	250,000	950,000
TOTAL CURRENT FINANCIAL ASSETS	1,455,923	1,231,337
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	66,529
- Challenger Limited - 22,000 shares	152,758	152,758
- Coles Group Limited - 3,155 shares	33,644	33,645
- Commonwealth Bank of Australia Limited - 3,234 shares	134,850	174,046
- CSR Limited – 12,300 shares	74,717	-
- Endeavor Group Limited – 3,234 shares	5,490	5,490
- Estia Health Limited - 36,667 shares	147,353	147,353
- Janus Henderson Group Plc - 1,950 shares	90,296	138,917
- National Australia Bank – 4,975 shares	122,752	122,752
- Pandal Group – 17,562 shares	158,360	210,209
- Perpetual Limited – 2,100 shares	-	76,035
- 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	82,729
- Westpac Banking Corporation - 6,946 shares	134,875	134,875
- Woodside Energy Limited - 4,232 shares	156,944	130,219
- Woolworths Group Limited - 2,479 shares	25,444	33,191
	1,831,298	1,852,221
TOTAL NON-CURRENT FINANCIAL ASSETS	1,981,298	2,002,221
TOTAL FINANCIAL ASSETS	3,437,221	3,233,558

McGARVIE SMITH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

6 PAYABLES

	2022	2021
Current	\$	\$
Sundry Creditors	25,545	13,475

7 COMMITMENTS

The McGarvie Smith Roy Watts research Masters/PhD Scholarship was established during the previous financial year and 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 2022**

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		Non- Interest Bearing	Total
				1 Year or Less	Over 1 to 5 Years		
			\$	\$	\$	\$	\$
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
2021							
Financial Assets							
Cash assets	3	0.23%	285,959	-	-	-	285,959
Receivables	4	-	-	-	-	37,310	37,310
Financial Assets	5	3.70%	2,002,221	1,231,337	-	-	3,233,558
Financial Liabilities							
Payables	6					13,475	13,475

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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:

	2022	2022	2021	2021
	Net Fair	Carrying	Net Fair	Carrying
	Value	Amount	Value	Amount
	\$	\$	\$	\$
Financial Assets				
Cash assets	189,192	189,192	285,959	285,959
Receivables	94,874	94,874	37,310	37,310
Financial Assets	3,569,228	3,437,221	3,751,691	3,233,558
Financial Liabilities				
Payables	25,545	25,545	13,475	13,475

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 2022**

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:

	2022	2021
	\$	\$
Cash at Bank	188,981	285,718
Suncorp Bank	211	241
	<u>189,192</u>	<u>285,959</u>

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

Net Profit/(Loss)	152,390	(100,837)
Loss/(Gain) on Sale of Financial Assets	(106,782)	(930)
In specie dividend received	(26,724)	-
Changes in Assets and Liabilities		
Increase/(Decrease) in Payables	11,156	1,100
Decrease/(Increase) in Receivables	(28,458)	5,706
Decrease in GST	8,539	-
Net Cash Provided by Operating Activities	<u>10,121</u>	<u>(94,961)</u>

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 S. Britton
Mr J. Young
Mrs H. Baillieu