

McGARVIE SMITH INSTITUTE

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021**

McGARVIE SMITH INSTITUTE

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021**

CONTENTS

	Page
Trustees' Report	2
Independent Auditor's Report	3
Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss	6
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

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 13 December 2020. The Trust has the power to amend and reissue the financial report.

McGARVIE SMITH INSTITUTE

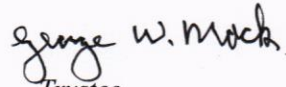
TRUSTEES' REPORT

For the year ended 30 June 2021, 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 this year of \$166,648 were directed to research in the following areas:
 - University of Sydney for development of a recombinant antigen for serogroup M for inclusion in vaccine for treatment, control and prevention of footrot;
 - University of Sydney for the study on the prevalence and impact of chronic benign footrot in New South Wales;
 - Elizabeth Macarthur Agriculture Institute (EMAI) – development of a Bluetongue (BTV) serotype 16 vaccine;
 - EMAI for seroprevalence of Border Disease Virus antibodies in NSW sheep flocks;
 - EMAI for a longitudinal comparative study of the Elastase Test with the clinical diagnosis of footrot outbreaks in NSW.
 - 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: 15 December, 2021



**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 2021.

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.

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 24 November 2021.





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 2021 and its performance for the year then ended.

Baker Taylor Pty Limited
Chartered Accountants

Alan Baker
Director

North Sydney:
Dated:24/11/2021





**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 2021 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 24/11/2021

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021	2020
INCOME		\$	\$
Interest Received			
AMP		3,009	19,072
ATO		-	150
Bank of Queensland		1,281	2,006
DDH Graham – Money Market Account		-	125
ME Bank		4,614	2,131
ING		-	18,654
Macquarie Bank		4,637	2,228
National Australia Bank		2,229	-
		15,770	44,366
Distributions from Trusts			
Pearls VI		3,950	4,902
		3,950	4,902
Dividends Received			
Australia and New Zealand Banking Group Limited		2,965	7,907
BHP Billiton Limited		7,586	7,825
Coles Group		1,909	2,067
Commonwealth Bank of Australia		10,352	17,990
Challenger Limited		1,425	5,325
Estia Health Limited		-	4,840
Janus Henderson Group Plc		7,250	8,034
National Australia Bank		2,659	6,454
Pendal Group		6,993	4,725
Perpetual Limited		2,501	1,978

McGARVIE SMITH INSTITUTE

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021
(Continued)**

	Note	2021	2020
		\$	\$
WAM Capital Limited		11,625	11,625
Wesfarmers Limited		5,774	4,827
Westpac Banking Corporation		6,182	5,557
Woodside Petroleum Limited		1,718	4,547
Woolworths Limited		3,266	3,331
Telstra Corporation Limited		1,320	-
		73,525	97,032
Other Income			
Refund of Imputation Credits Current Year		27,399	37,912
Profit on Sale of Non-Current Assets		930	-
		28,329	37,912
TOTAL INCOME		121,574	184,212
EXPENSES			
Audit and Accountancy Fees	2	12,500	12,000
Investment Advice		10,013	11,212
NSFS Adviser Fees		2,037	-
Secretarial Fees		26,400	23,500
Sundry Expenses		1,445	1,162
Trustees' Fees		3,368	3,368
TOTAL EXPENSES		55,763	51,242
 OPERATING PROFIT		 65,811	 132,970

**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 2021
(Continued)**

	Note	2021 \$	2020 \$
OPERATING PROFIT BROUGHT FORWARD		65,811	132,970
LESS: RESEARCH GRANTS			
University of Sydney			
- 2019 Honours Scholarship		-	(5,000)
- Host pathogen interactions associated with <i>Coxiella burnetii</i>		-	(15,000)
- Effective food-grade oral vaccine for livestock		-	(33,410)
- Prevalence and impact of chronic benign footrot in NSW study		(10,000)	(10,000)
- Development of recombinant antigen for vaccine, control and prevention of footrot		(68,902)	-
University of the Sunshine Coast			
- Return of unspent funds		-	12,750
NSW Department of Primary Industries			
- Border disease surveillance project		(26,644)	-
- Comparison of Elastase Virulence Test		(23,449)	-
- Bluetongue virus vaccine project		(37,653)	-
TOTAL RESEARCH GRANTS		(166,648)	(50,660)
NET (LOSS)/PROFIT AFTER PAYMENT OF RESEARCH GRANTS		(100,837)	82,310
Retained Profits at the Beginning of the Financial Year		3,340,098	3,257,788
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		3,239,261	3,340,098

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

McGARVIE SMITH INSTITUTE

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	285,959	359,665
Receivables	4	37,310	43,017
Financial Assets	5	1,231,337	1,301,441
TOTAL CURRENT ASSETS		1,554,606	1,704,123
NON-CURRENT ASSETS			
Financial Assets	5	2,002,221	1,952,441
TOTAL NON-CURRENT ASSETS		2,002,221	1,952,441
TOTAL ASSETS		3,556,827	3,656,564
CURRENT LIABILITIES			
Payables	6	13,475	12,375
TOTAL CURRENT LIABILITIES		13,475	12,375
TOTAL LIABILITIES		13,475	12,375
NET ASSETS		3,543,352	3,644,189
EQUITY			
Reserves		304,091	304,091
Retained Profits		3,239,261	3,340,098
TOTAL EQUITY		3,543,352	3,644,189

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 2021**

	Note	2021	2020
		\$	\$
EQUITY MOVEMENT			
Opening Balance		3,644,189	3,561,897
Current Year Profit/(Loss)		(100,837)	82,310
Closing Balance		<u>3,543,352</u>	<u>3,644,189</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 2021**

	Note	2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, Dividend and Trust Distributions Received		131,157	229,234
Cash Payments in the course of operations		(59,470)	(55,863)
Grants Paid		(166,648)	(50,660)
Net Cash Provided by/(Used in) Operating Activities	9ii	(94,961)	122,711
 CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Investments		179,426	-
Payments for Investments		(158,412)	(8,158)
Net Cash Provided by/(Used in) Investing Activities		21,014	(8,158)
 NET INCREASE/(DECREASE) IN CASH HELD			
Cash at the Beginning of the Financial Year		(73,947)	114,553
		359,906	245,353
CASH AT THE END OF THE FINANCIAL YEAR	9i	285,959	359,906

**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 2021

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 13 December 2020.

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. At 30 June, 2021 the market value of investments had fallen below the carrying amount due to the impact of the Covid-19 pandemic on financial markets. The market value of the investments has subsequently recovered to be above the carrying amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 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.

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.

	2021	2020
	\$	\$

2 AUDITORS REMUNERATION

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

• Audit of the financial report – Baker Taylor Pty Ltd	5,000	4,500
--	-------	-------

3 CASH AND CASH EQUIVALENTS

Current

Cash at Bank

- Macquarie Cash Management Account	285,718	123,674
- AMP Business Saver	-	235,991
	285,718	359,665

4 RECEIVABLES

Current

GST Receivable	9,911	5,105
2020 Franking Credit Refund	-	37,912
2021 Franking Credit Refund	27,399	-
	37,310	43,017

McGARVIE SMITH INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

5 FINANCIAL ASSETS

	2021	2020
Current	\$	\$
At Call Deposits		
Suncorp Bank	241	241
	241	241
Term Deposits		
- Macquarie Group	-	251,200
- Bank of Queensland	250,000	250,000
- NAB Term Deposit	200,000	250,000
- AMP	250,000	300,000
- Bank of Adelaide	250,000	-
- Members Equity	281,337	-
	1,231,337	1,301,200
TOTAL CURRENT FINANCIAL ASSETS	1,231,578	1,301,441
Non-Current		
<i>Unsecured Notes (Market Value \$156,600)</i>		
- 1,500 CBA Perls VI	150,000	150,000
<i>Shares in Public Companies (Market Value \$2,363,754)</i>		
- ANZ Banking Group Limited - 4,942 shares	117,756	117,756
- BHP Billiton Limited - 3,672 shares	66,529	66,529
- Challenger Limited - 22,000 shares	152,758	115,022
- Coles Group Limited - 3,155 shares	33,645	33,644
- Commonwealth Bank of Australia Limited - 4,174 shares	174,046	174,046
- Endeavor Group Limited – 3,234 shares	5,490	-
- Estia Health Limited - 36,667 shares	147,353	147,353
- Janus Henderson Group Plc - 3,000 shares	138,917	173,654
- National Australia Bank – 4,975 shares	122,752	122,752
- Pandal Group – 23,312 shares	210,209	180,209
- Perpetual Limited – 2,100 shares	76,035	35,498
- Telstra Corporation Limited – 16,500 shares	50,113	-
- Vocus Group Limited - 0 shares	-	73,869
- WAM Capital Limited - 75,000 shares	175,604	175,604
- Wesfarmers Limited - 3,155 shares	82,729	82,729
- Westpac Banking Corporation - 6,946 shares	134,875	134,875
- Woodside Petroleum Limited - 3,334 shares	130,219	130,219
- Woolworths Limited - 3,234 shares	33,191	38,682
	1,852,221	1,802,441
TOTAL NON-CURRENT FINANCIAL ASSETS	2,002,221	1,952,441
TOTAL FINANCIAL ASSETS	3,233,799	3,253,882

McGARVIE SMITH INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6 PAYABLES

	2021	2020
Current	\$	\$
Sundry Creditors	13,475	12,375

7 COMMITMENTS

The McGarvie Smith Roy Watts research Masters/PhD Scholarship was established during the 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 2021**

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		
			\$	\$	\$	\$	\$
2021							
Financial Assets							
Cash assets	3	0.23%	285,718	-	-	-	285,718
Receivables	4	-	-	-	-	37,310	37,310
Financial Assets	5	3.70%	2,002,221	1,231,578	-	-	3,233,799
Financial Liabilities							
Payables	6					13,475	13,475
2020							
Financial Assets							
Cash assets	3	0.68%	359,665	-	-	-	359,665
Receivables	4	-	-	-	-	43,017	43,017
Financial Assets	5	5.64%	1,952,441	1,301,441		-	3,253,882
Financial Liabilities							
Payables	6					12,375	12,375

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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:

	2021 Net Fair Value \$	2021 Carrying Amount \$	2020 Net Fair Value \$	2020 Carrying Amount \$
Financial Assets				
Cash assets	285,718	285,718	359,665	359,665
Receivables	37,310	37,310	43,017	43,017
Financial Assets	3,751,932	3,233,799	3,137,598	3,253,882
Financial Liabilities				
Payables	13,475	13,475	12,375	12,375

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 2021**

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:

	2021	2020
	\$	\$
Cash at Bank	285,718	359,665
DDH Graham – Money Market Account	-	-
Suncorp Bank	241	241
	<u>285,959</u>	<u>359,906</u>

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

Net Profit/(Loss)	(100,837)	82,310
Loss/(Gain) on Sale of Financial Assets	(930)	-

Changes in Assets and Liabilities

Increase/(Decrease) in Payables	1,100	(275)
Decrease/(Increase) in Receivables	5,706	40,676

Net Cash Provided by Operating Activities

<u>(94,961)</u>	<u>122,711</u>
-----------------	----------------

10 RELATED PARTY DISCLOSURES

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

Mr J.D.O. Boyd (Chair)
Mr G.W. Mack
Dr F.R. Doughty
Dr B.J. Standen
Mr S.J. Walker
Dr J.T. Rothwell
Dr S. Britton
Dr B.M. Christie