HEART RESEARCH INSTITUTE

Heart Research Institute Limited and its controlled entities

Financial Report – For the year ended 31 December 2022

ABN 41 003 209 952

Today's research, tomorrow's cure.

Heart Research Institute Limited and its controlled entities

ABN 41 003 209 952

General Purpose Financial Report

For the year ended 31 December 2022

Contents

Directors' Report

The Directors present their report together with the financial statements of the Group comprising of Heart Research Institute Limited (the "Company"), and its controlled entities (the "Group") for the year ended 31 December 2022 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Professor Leonard Kritharides MBBS, PhD, FRACP, FCSANZ, FAHA, FESC, FACC (Term ended 25 March 2022)	Professor Len Kritharides graduated in Medicine from Melbourne University in 1984 and completed his Cardiology training at the Royal Melbourne Hospital. He undertook PhD studies in Macrophage Biology at the Heart Research Institute in Sydney (HRI) between 1991-1994.After postdoctoral research at the HRI and in the USA, he took up an appointment as Staff Specialist in Cardiology at Concord Repatriation General Hospital in 1998, and was Head of Department between 2003 and 2021.He is currently Senior Staff Specialist and Clinical Director of the Cardiovascular Stream of the Sydney Local Health District, Conjoint Professor in Medicine at The University of Sydney, and Head of the Atherosclerosis and Vascular Biology Research Laboratories at the ANZAC Research Institute. Professor Kritharides was awarded a NSW Government Community Services Award for his contributions to Concord Hospital in 2006, the President's Medal for contributions to the Cardiac Society of Australia and New Zealand (CSANZ) in 2013, and the Distinguished Researcher Award by the Australian Vascular Biology Society in 2014. He is Past President of the Cardiac Society of Australia and New Zealand, was a National Board Member of the Heart Foundation of Australia and was Chair of its Cardiovascular Health Advisory Committee (2013-2018) and Chair of its Research Strategy Committee (2018-2021). He was a Governor of the Heart Research Institute Sydney (2009-2022) and Chairman of the Board (2017-2022).
Dr Teresa Anderson AM, FIPAA, B.APP SCIENCE (SPEECH PATHOLOGY), PHD (Term ended 27 February 2022)	Dr Teresa Anderson is the Chief Executive of Sydney Local Health District, one of the leading public health services in Australia. She has more than 40 years of experience as a clinician and health service executive. She has a well-established reputation for implementing strategies to foster innovation and best practice, supporting collaboration and building partnerships. She is an internationally recognised Speech Pathologist and is passionate about developing programs and services to support and improve the health and wellbeing of all people in the community. In 2018 Dr Anderson was appointed a Member of the Order of Australia (AM). Dr Anderson is a Vice President and has been made a Fellow of the NSW Institute of Public Administration Australia, is a member of seven Medical Research, Health and PHN boards and is an active member of the Sydney Health Partners Governing Council.
Mr Rod Halstead LLB (SYD), LLM (LON), FAICD	Mr Rod Halstead held the position of Honorary Solicitor for The Heart Research Institute prior to joining the Board. Mr Halstead is presently Director - Strategic Corp/M&A at the law firm Clayton Utz. Prior to holding that position, he had many years' of experience as a Partner at Clayton Utz, with a preceding position as a Partner at the law firm Mallesons Stephen Jaques. Mr Halstead regularly advises Boards and Senior Management of major Australian corporate and financial institutions, with respect to business and governance-related matters. In 2023, Mr Halstead was awarded the Medal of the Order of Australia (OAM).

Directors' Report

Professor Stephen Simpson AC, FAA, FRS	Professor Stephen Simpson is Academic Director of the Charles Perkins Centre, a University of Sydney cross-faculty initiative aimed at researching and implementing cross-disciplinary approaches to alleviating the burden of obesity, diabetes, cardiovascular disease and related conditions. He is also the Executive Director of Obesity Australia. After completing an undergraduate degree at the University of Queensland, he pursued a PhD at the University of London. Professor Simpson spent 22 years at the University of Oxford, first in Experimental Psychology, then in the Department of Zoology and the Oxford University Museum of Natural History. He returned to Australia in 2005 as an Australian Research Council (ARC) Federation Fellow, then ARC Laureate Fellow. In 2007 Professor Simpson was elected a Fellow of the Australian Academy of Science, in 2009 he was NSW Scientist of the Year and in 2013 he was elected a Fellow of the Royal Society of London as "one of the world's foremost entomologists and nutritional biologists." In 2015 he was made a Companion of the Order of Australia "for eminent service to biological and biomedical science." In 2022 he was awarded the Macfarlane Burnett Medal by the Australian Academy of Science.
Professor Andrew Boyle MBBS (HONS), FRACP, PHD	Professor Andrew Boyle is currently Professor of Cardiovascular Medicine, Clinical Dean of the Hunter Clinical School of the University of Newcastle and a practising interventional cardiologist. He has over 100 career journal publications, eight book chapters and three patents. Andrew heads both a clinical and a basic science research team. Professor Boyle has considerable experience in preclinical studies and human clinical trials. His research focuses on left ventricular remodelling following myocardial infarction, novel therapies and systems of care for acute coronary syndromes. He chairs the Clinical Trials Subcommittee of the Hunter New England HREC and sits on the Executive Committee of the NSW Cardiovascular Research Network.
Mr Richard Rassi B Com, FCA, GAICD	Mr Richard Rassi is a chartered accountant having spent most of his career working at Deloitte and as a partner in the firm up to December 2011. He now operates a consulting practice (Riclin Consulting) providing consulting services in the areas of strategy, governance, risk management, audit and financial reporting. He also mentors a number of senior professionals and executives. He continues to be retained by Deloitte to assist with the delivery of services to clients including providing a quality assurance role on a range of audit and advisory engagements. Complementing this expertise are various governance roles. He currently serves as a member of the Disciplinary Appeals Tribunal of Chartered Accountants Australia and New Zealand. Richard has also assisted the Australian Institute of Company directors with the development of their various director education programs.

Directors' Report

The Hon. Bruce Baird BA (Syd) MBA (Melb) (Resigned 25 February 2022)	The Hon. Bruce Baird comes with a background in business, politics and tourism. He worked for an airline and a mining company before joining the Australian Trade Commission Service in 1973. He was posted as Trade Commissioner in Germany (1973) and then New York (1976). He subsequently won the NSW State seat of Northcott in 1984 and was appointed Shadow Minister for Finance and Aboriginal Affairs. When the Coalition won Government in 1988 Bruce was appointed Minister for Transport and Roads and in 1990 was given the added responsibility of Minister for Sydney's Olympic Bid and in 1993 Minister for Tourism. In 1995 he retired from politics and became CEO of Tourism Council of Australia. In 1998 he won the seat of Cook in the Federal Parliament and was the Chairman of several Committees including the House Economics Committee. On leaving Parliament in 2007 he became Chair of several Committees including the Tourism and Transport Forum and the National Heavy Vehicle Regulator. He is now the Chair of Business Events Sydney and is a member of the Opera House Trust. Bruce has a BA from Sydney University, an MBA from Melbourne University and honorary doctorates from UTS and University of Newcastle. He was appointed as a Member of the Order of Australia in 2007.
Mr Antony Pollitt BEc, MBA, FCA, GAICD	Mr Tony Pollitt is the Commercial Director at DAE Global, which specialises in the production of live events around the world. DAE Global has been involved in Olympic Ceremonies, Asian Games, Rugby World Cups, World EXPO and most recently the 2022 Commonwealth Games in Birmingham. Mr Pollitt qualified as a Chartered Accountant in 1989 and worked for Coopers & Lybrand in Sydney and London. He subsequently worked in the Pay TV industry with roles at Showtime and Foxtel, before joining DAE Global in 2021.
Emeritus Professor Merilyn Sleigh BSc Hons),PhD,FTSE, FAICD	Emeritus Professor Merilyn Sleigh is a company director and advisor to science-based companies and research institutions. She is currently a director of BCAL Diagnostics Ltd and has previously served on the boards of ASX-listed companies Clover Corporation Ltd (food ingredients), and Tyrian Diagnostics Ltd (medical and agricultural diagnostics) and a number of unlisted biotechnology companies, as well as non-profit organisations, including the University of Technology Sydney and Relationships Australia (NSW). She has formerly been an advisor to CSIRO, the Garvan Institute for Medical Research and the University of Technology Sydney, on research commercialization and strategy. Merilyn completed 6 years as founding CEO and Managing Director of antibody therapeutics company EvoGenix Ltd in 2007, when the company was acquired by Arana Therapeutics Ltd (now part of Teva Pharmaceuticals). At earlier stages in her career she was a senior researcher and manager with CSIRO, with a focus on medically oriented research, Director of Pharmaceutical R&D with listed biotechnology company Peptech Ltd, and Dean of the Faculty of Life Sciences at the University of New South Wales.Merilyn is a Fellow of the Australian Academy of Technological Sciences and Engineering and of the Australian Institute of Company Directors. She was awarded a Centenary Medal in 2002 and the President's Medal by Ausbiotech in 2007, both for contributions to the Australian biotechnology industry. Earlier in her career she received the Boehringer Medal of the Australian Biochemical Society for her molecular biology research.

Directors' Report

The Hon. Peter McGauran LLB, BA	The Hon. Peter McGauran graduated from Melbourne University LLB/BA in 1979 practising as a solicitor in his home town of Traralgon (Vic) until being elected in 1983 to Federal Parliament for the seat of Gippsland. He served 25 years in Parliament including as a Cabinet Minister and over 10 years as a Minister in various Departments including the portfolios of Agriculture, Industry, Communications and Immigration. On his retirement from Federal Parliament in 2008, he became CEO of Thoroughbred Breeders Australia. In 2012, he was appointed CEO of Racing Australia, the national regulatory authority for Thoroughbred racing and breeding. He returned to public service in December, 2017 on being appointed Australian Consul General and Senior Trade and Investment Commissioner to Houston, Texas. On completion of his term as Consul General in 2021, he joined Bondi Partners advisory firm in Sydney as a Senior Adviser working with US companies entering the Australian market. In 2022, he was appointed Chairman of the Heart Research Institute Ltd.
Mr Merrick Howes BA, LLB	Mr Merrick Howes is the Managing Partner and Founder of Aviron Investment Management a credit focused private investment fund. Prior to this he established, and led, the Australian investment operations of Anchorage Capital Group L.L.C. from 2011 to 2021.Merrick commenced his career in finance in 1989 at Macquarie Group. There he held various roles in corporate and structured finance, including Executive Director. In 1996 Merrick relocated to Singapore to take responsibility for starting Macquarie Bank's Asian investment banking operations. Subsequently, Merrick joined Merrill Lynch and held various senior roles in structured finance in both Asia and London. He returned to Australia in 2005 as a Managing Director and Partner at Goldman Sachs. There he helped establish the principal investment platform in Australia. He holds a Bachelor of Arts and Bachelor of Laws from the Australian National University. He represented Australia in rowing from 1984 – 1987 and was a board member of Rowing Australia and chair of its Audit & Risk Committee from 2013 – 2022. He is currently a board member of Athletics Australia.
Dr Kate McBride PhD (Appointed 23 February 2022)	Dr Kate McBride has been the inaugural Director of the Institute of Academic Surgery at Royal Prince Alfred Hospital since 2014 and the Acting Director of the Surgical Program and Academia for Sydney Local Health District. With over 17 years of experience, she is a skilled hospital administrator with a passion for surgical services and the implementation of initiatives that support the effective integration of clinical, academic and business activities to enhance service delivery and patient outcomes. Dr McBride was awarded her PhD (Medicine) from the University of Sydney in 2021 and a Masters in Health Service Management from the University of Technology, Sydney in 2007. Her Bachelor of Health Sciences was completed at the University of Adelaide in 2003. Dr McBride has worked in a range of senior management positions within Sydney Local Health District, along with being a Youth Ambassador for Development with AusAID in 2011 - 2013 based in Nairobi, Kenya, working with the African Medical and Research Foundation (AMREF). Kate's personal research interests focus on the surgical outcomes for people with comorbid serious mental illness and the implementation of complex surgical programs.

Directors' Report

Professor Andrew Coats AOMA (OXON), MB B CHIR (CANTAB), DM (OXON), DSC (LONDON), FRACP, FRCP, FESC, FACC, FAHA, FHFA, FHFSA, FCSANZ, FSCWD, FAICD, MIOD, MBA (LONDON BUSINESS SCHOOL) (Appointed on 19 September 2022)	Professor Andrew Coats is an experienced academic leader and entrepreneur with three decades of international experience in four of the world's top 50 universities. He has over 750 peer-reviewed full papers, over 120,000 career citations and an H-Index of 146. He has been named one of the top 1,000 researchers of all time by the Webometrics Ranking of World Universities, and is the author of more than 20 awarded patents. He has launched two successful spin-out biotechnology companies with capital raises in excess of USD100M and licensing deals of more than USD1Billion signed. Professor Coats is a fully accredited physician and cardiologist in the United Kingdom and Australia, a qualified company director (London Business School MBA, Fellow Australian Institute of Company Directors and Member, Institute of Directors, London) with more than 60 board years of experience, and a trained and experienced fundraiser with in excess of $500M raised. He holds two higher doctorates (DM, Oxon, and DSc, Imperial) for separate research areas and has held senior offices in five major Professional Societies, and is President of the largest specialist society in his field (the Heart Failure Association).

Unless otherwise stated, the directors held office for the entire period.

2. Company secretary

Hana Krskova was appointed Company Secretary on 23 May 2018.

3. 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 Company during the financial year are:

Director	**Board Meetings**	
	A	**B**
Prof Len Kritharides	2	2
Dr Teresa Anderson	2	1
Mr Rod Halstead	8	8
Prof Stephen Simpson	8	8
Prof Andrew Boyle	8	6
Mr Richard Rassi	8	8
The Hon. Bruce Baird	2	1
Mr Tony Pollitt	8	8
Prof Merilyn Sleigh	8	6
The Hon Peter McGauran	8	8
Mr Merrick Howes	8	7
Dr Kate McBride	7	6
Prof Andrew Coates	3	2

A – Number of meetings held during the time the director held office during the year
B – Number of meetings attended

Directors' Report

4. Principal activities

The principal activities of the Group during the financial year were medical research and fundraising to support this research.

Long and short term objectives of the Heart Research Institute
Long term:

The Heart Research Institute's mission is to prevent death and suffering from heart disease through an understanding of the biological processes that cause atherosclerosis and thrombosis, the major underlying causes of most heart attacks and strokes.

The Heart Research Institute has four core objectives:
- To investigate mechanisms contributing to the pathogenesis of cardiovascular disease
- To develop new ways to detect symptoms of cardiovascular disease before it leads to clinical problems
- To develop new treatments which can reverse the development of heart disease
- To prevent individuals developing cardiovascular disease in the future

Short term:

The major short-term focus of our research is understanding the development and progression of atherothrombotic conditions in which the arteries are narrowed and restricted due to a build-up of fatty deposits. This is being achieved via scientific and clinical research work carried out by the scientific groups that make up the HRI. These include the Atherosclerosis and Vascular Remodelling Group, the Arterial Inflammation and Redox Biology Group, the Cardiometabolic Disease Group, the Cardiovascular Medical Devices Group, the Cardiovascular Neuroscience Group, the Cardiovascular-Protective Signalling and Drug Discovery Group, the Clinical Research Group, the Coronary Diseases Group, the Haematology Research Group, the Heart Rhythm and Stroke Prevention Group, the Microvascular Research Group, the Platelet Biology Group, the Thrombosis Group, the Vascular Complications Group and the Vascular Immunology Group.

The directors consider the Group's key performance indicators to be the following:

- Number of scientific papers published in peer reviewed journals
- Number of citations by external world-wide researchers to work published by HRI researchers
- Number of competitive research grants obtained and their value
- Number of scientific projects undertaken
- Number of presentations of scientific data made at major international and national conferences
- Net funds generated by fundraising activities applied to HRI objectives
- Number of Honours, PhD and post-doctoral students trained and / or mentored

There were no other significant changes in the nature of the activities of the Group during the year.

5. Operating and financial review

Overview of the Group

The loss of the Group for the year ended 31 December 2022 was $4,879,814, (2021 profit: $2,793,152), which included an unrealized investment loss of $1,238,331. The current financial year results were also impacted by increased strategic investment into science, both through science personnel support and also through an additional $2,313 thousands of research costs. Furthermore, in 2022 HRI overcame the issues with fundraising resourcing and supply associated with COVID-19 in 2020 and 2021, resulting in fundraising expenditure levels returning to pre-COVID levels due to increased acquisition costs and investment into a new CRM.

6. Environmental regulation

The Group's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during the period covered by this report.

7. Membership

The Company is a company limited by guarantee and without share capital. In the event of the winding up of the Company, the liability of the members is limited by personal guarantees to the extent of $100 each towards meeting any outstanding obligations of the Company.

The number of members as at 31 December 2022 was 71 (2021: 70). The total amount that members of the Company are liable to contribute if the Company is wound up is $7,100 (2021: $7,000).

8. Events subsequent to reporting date

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

9. Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

10. Indemnification and insurance of officers and auditors

Indemnifications

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the financial year the Company, has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 December 2022 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2022. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company to the extent permitted by the Corporations Act 2001.

Directors' Report

11. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the financial year ended 31 December 2022.

This report is made in accordance with a resolution of the directors:

P McGauran
Chairman
Date: 3/4/23

Sydney

KPMG

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 The Heart Research Institute Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2022 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

KPMG | Warwick Shanks
Partner
Sydney
03 April 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 $	2021 $
Revenue	2	22,185,153	21,810,588
Other Income	3	610,810	827,354
Depreciation Expense		(1,680,938)	(1,626,784)
Personnel Expenses	4	(11,315,262)	(9,890,276)
Fundraising Costs		(4,735,269)	(4,399,013)
Research Costs		(5,320,934)	(3,008,097)
Computer Expenses		(525,709)	(430,559)
Marketing and Communications		(165,311)	(104,697)
Facilities Expense		(902,151)	(754,375)
Other Expenses		(1,744,423)	(1,057,876)
(Loss)/ profit from Operations		**(3,594,034)**	**1,366,265**
Finance Income	5	1,214,369	1,491,321
Finance Cost	5	(2,500,149)	(64,434)
Net Finance (cost)/ income		**(1,285,780)**	**1,426,887**
(Loss)/ profit before Income Tax		**(4,879,814)**	**2,793,152**
Income Tax Expense		-	-
(Loss)/ profit for the year		**(4,879,814)**	**2,793,152**
OTHER COMPREHENSIVE INCOME			
Foreign Currency Translation Differences - Foreign Operations		(21,221)	258,725
Total Comprehensive Income		**(4,901,035)**	**3,051,877**

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	18,270,407	19,069,122
Trade and Other Receivables	7	2,240,195	1,285,216
Other Investments	8	4,381,082	4,375,614
Inventories		73,456	91,192
Prepayments		728,888	293,403
Total Current Assets		**25,694,028**	**25,114,547**
NON CURRENT ASSETS			
Other Investments	8	15,860,816	17,178,342
Property, Plant and Equipment	9	13,347,345	14,363,335
Right of Use Asset	10	804,330	1,206,495
Total Non Current Assets		**30,012,491**	**32,748,172**
Total Assets		**55,706,519**	**57,862,719**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	11	2,800,964	2,871,389
Employee Benefits	12	919,686	908,224
Deferred Income	13	7,156,266	4,004,674
Lease Liability	10	445,751	415,137
Total Current Liabilities		**11,322,667**	**8,199,424**
NON CURRENT LIABILITIES			
Lease Liability	10	482,921	928,672
Employee Benefits	12	505,024	437,681
Total Non Current Liabilities		**987,945**	**1,366,353**
Total Liabilities		**12,310,612**	**9,565,777**
Net Assets		**43,395,907**	**48,296,942**
FUNDS			
Reserves	14	3,535,621	3,827,099
Retained Earnings		39,860,286	44,469,843
Total Funds		**43,395,907**	**48,296,942**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

In AUD	Reserves $	Retained earnings $	Total equity $
Balance at 1 January 2021	3,195,618	42,049,447	45,245,065
Total comprehensive income for the year			
Profit for the year	-	2,793,152	2,793,152
Other comprehensive income			
Foreign currency translation differences for foreign operations	258,725	-	258,725
Total comprehensive income for the year	**258,725**	**2,793,152**	**3,051,877**
Transfer to Salteri Research Endowment Fund	372,756	(372,756)	-
Balance at 31 December 2021	**3,827,099**	**44,469,843**	**48,296,942**
Balance at 1 January 2022	3,827,099	44,469,843	48,296,942
Total comprehensive loss for the year			
Loss for the year	-	(4,879,814)	(4,879,814)
Other comprehensive income			
Foreign currency translation differences for foreign operations	(21,221)	-	(21,221)
Total comprehensive loss for the year	**(21,221)**	**(4,879,814)**	**(4,901,035)**
Transfer to Salteri research endowment fund	(270,257)	270,257	-
Balance at 31 December 2022	**3,535,621**	**39,860,286**	**43,395,907**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Fundraising		16,089,094	16,289,755
Cash Receipts from Government and Other Grants		9,144,117	8,311,690
Cash Paid to Suppliers and Employees		(25,420,343)	(19,343,096)
Interest Received		79,119	30,762
Net Cash (used in)/ from Operating Activities		**(108,013)**	**5,289,111**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(380,646)	(734,706)
Proceeds from Sale of Property, Plant and Equipment		105,081	-
Transfer to Investments		-	(11,789)
Net Cash used in Investing Activities		**(275,565)**	**(746,495)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of Lease Liabilties		(415,137)	(449,113)
Net Cash used in Financing Activities		**(415,137)**	**(449,113)**
Net (decrease)/ increase in Cash and Cash Equivalents		**(798,715)**	**4,093,503**
Cash and Cash Equivalents at the Beginning of the Year		19,069,122	14,975,619
Cash and Cash Equivalents at the End of the Year		**18,270,407**	**19,069,122**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Note 1 Accounting Policies

REPORTING ENTITY

Heart Research Institute Limited (the "Company") is a company limited by guarantee, incorporated and domiciled in Australia. The Company's registered office is at 7 Eliza Street, Newtown, NSW, 2042, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a not-for-profit entity and is primarily involved in medical research and fundraising.

BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the consolidated statements of financial position, profit and loss and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

These consolidated financial statements were authorised for issue by the Board of Directors as of the date of the Directors Declaration.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets that have been measured at fair value through profit or loss.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's 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 estimates are recognised prospectively.

Classification of and valuation of investments

Under AASB 9, the Group recognises the movements in fair value of investments through the statement of profit or loss. The fair value of unlisted investment trusts has been determined by reference to unit prices determined by the funds' investment manager.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Where an impairment trigger exists, the recoverable amount of the asset is determined.

COVID-19 pandemic

The Group has assessed the impacts of the COVID-19 pandemic. The Group has not been significantly impacted and has continued to operate effectively throughout the financial year. The directors have assessed that the going concern basis of accounting remains appropriate.

Estimates and assumptions

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

BASIS OF CONSOLIDATION

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions, are eliminated. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

FOREIGN CURRENCY

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currencies of Group entities at average exchange rates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency translation differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of 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.

REVENUE & OTHER INCOME

Grant income

The Group receives research grants from government and other funding bodies. Grants received under agreements where the performance obligations are not sufficiently specific are recognised on receipt, or when the Group becomes contractually entitled to the asset.

Where the grant agreement includes a 'termination of convenience' clause, a contract liability is recognised on receipt of funds and the grant income is recognised when the relevant research expenditure is incurred.

Revenue from fundraising

Donations
Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control of the asset.

Bequests
Bequests are recognised when the Group is notified of an impending distribution or the bequest is received, whichever occurs earlier.

Revenue from bequests comprising of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

Distribution income from investments
Revenue is recognised from investment distributions when the Group's right to receive the payment is established, which is generally when the distribution is paid by the portfolio manager.

INCOME TAX

The income of the Institute and its subsidiaries are exempt from Income tax pursuant to the provisions of subdivision 50-B of the Income Tax Assessment Act 1997 and receive GST concessions under division 176 of A New Tax System Act 1999 and FBT exemptions under section 123D of the Fringe Benefits Tax Assessment Act 1986. The Institute is also exempt from other government levies such as payroll tax.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

PROPERTY PLANT & EQUIPMENT

i. Recognition and measurement

Land and buildings are measured at cost less accumulated depreciation on buildings and accumulated impairment losses.

All other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

ii. Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. 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. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	20 years
Furniture and Fittings	3 to 7 years
Motor Vehicles	3 to 10 years
Research Equipment	3 to 4 years
Computer Software	3 to 4 years

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

LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised insubstance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

Cash and short term deposits in the statement of financial position comprise cash at bank and on hand and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

FINANCIAL INSTRUMENTS

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in the "at amortized cost" category particularly include trade accounts receivable (not including factoring), cash and cash equivalents and other receivables.

Cash equivalents are short-term, extremely liquid financial investments that can be converted to cash at any time and that are only subject to insignificant risks of changes in value.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities in the category "at amortized cost" are mainly liabilities (borrowings) to banks and trade accounts payables.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Net investment hedges

When a derivative instrument or a non- derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non- derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

IMPAIRMENT OF ASSETS

i. Financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost and contract assets. The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

EMPLOYEE BENEFITS

i. Short-term employee benefit

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. 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 pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

iii. Other long-term employee benefits

The Group's net obligation in respect of long- term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid Remeasurements are recognised in profit or loss in the period in which they arise.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

GOODS AND SERVICES TAX (GST)

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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

NET INVESTMENT INCOME

Investment income comprises interest income on investments and dividends. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Note 2 Revenue	**Note**	**2022 $**	**2021 $**
Competitive grants and other government support		5,992,523	5,773,756
Fundraising		13,537,730	14,483,063
Bequests		2,654,900	1,553,769
Total Revenue		**22,185,153**	**21,810,588**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Note 3 Other Income	Note	2022 $	2021 $
Membership income		630	420
Government subsidies- job keeper		-	421,600
Rental income		413,317	379,081
Sundry income		196,863	7,303
General income		-	15,950
Gain on asset disposal		-	3,000
Total Other Income		**610,810**	**827,354**

Note 4 Personnel Expenses	Note	2022 $	2021 $
Wages and salaries		10,194,168	8,893,496
Contributions to defined contribution plans		1,121,094	996,780
Total Personnel Expenses		**11,315,262**	**9,890,276**

Note 5 Net Finance Costs	Note	2022 $	2021 $
FINANCE INCOME			
Interest income		46,617	86,412
Distribution income on other investments		1,167,752	1,006,369
Fair value gain on other investments		-	398,540
Total Finance Income		**1,214,369**	**1,491,321**
FINANCE COST			
Lease interest		47,449	64,434
Fair value loss on other investments		2,452,700	-
Total Finance Cost		**2,500,149**	**64,434**
Total net finance (cost)/ income		**(1,285,780)**	**1,426,887**

Note 6 Cash and Cash Equivalents	Note	2022 $	2021 $
Cash in hand		1,000	1,000
Cash at bank		18,269,407	19,068,122
Total Cash and Cash Equivalents		**18,270,407**	**19,069,122**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Note 7 Trade and Other Receivables	Note	2022 $	2021 $
Trade and other receivables		2,451,575	1,090,558
Less: Impairment provision for trade and other receivables		(526,733)	(77,929)
GST receivable		62,705	272,587
Accrued revenue		252,648	-
Total Trade and Other Receivables		**2,240,195**	**1,285,216**

Note 8 Other Investments	Note	2022 $	2021 $
CURRENT INVESTMENTS			
Term deposits		4,381,082	4,375,614
Total Current investments		**4,381,082**	**4,375,614**
NON-CURRENT INVESTMENTS			
Unlisted investment trusts - Salteri research endowment fund		3,350,613	3,620,870
Unlisted investment trusts - Strategic capital pool		6,309,725	6,821,985
Unlisted investment trusts - Tactical capital pool		6,091,782	6,626,791
Other investments		108,696	108,696
Total Non-current investments		**15,860,816**	**17,178,342**

Investments

Investments other than term deposits consist of investments in unlisted investment trusts, and therefore have no fixed maturity date or coupon rate. The fair value of the investments designated at fair value through profit or loss has been determined directly by reference to price quotations provided by the investment manager. The portfolio of unlisted investment trusts is managed by Russell Investments during the year. These and any cash accounts held as part of the Fund, resulted in a net decrease in value of $2,452,700 (2021: increase of $398,540).

Salteri research endowment fund

The Directors established, by resolution, the Salteri research endowment fund ("the Fund") on 16 December 1998. The Directors created a constitution for the Fund, which was formed to build up a capital base to provide an income stream to fund the Group's ongoing, non-surplus activities. All monies associated with this fund have been separately identified and a reserve created to reflect the restricted use of these assets.

Strategic capital pool

The Strategic capital pool is funds set aside for long term unrestricted use and managed by external investment advisors in accordance with the investment strategy of the Group.

Tactical capital pool

The Tactical capital pool is funds set aside for medium term unrestricted use and managed by external investment advisors in accordance with the investment strategy of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Note 9 Property, Plant and Equipment

	Land and buildings	Furniture and fittings	Motor Vehicles	Research equipment	Computer Software	Total
	$	$	$	$	$	$
COST OR DEEMED COST						
Balance at 1 January 2021	21,870,685	845,663	31,719	7,235,808	1,421,734	31,405,609
Additions	32,346	10,116	-	636,882	55,362	734,705
Balance at 31 December 2021	**21,903,031**	**855,779**	**31,719**	**7,872,690**	**1,477,096**	**32,140,314**
Balance at 1 January 2022	21,903,031	855,779	31,719	7,872,690	1,477,096	32,140,314
Additions	-	11,671	-	226,682	142,293	380,646
Disposals	-		-	(111,889)	(4,728)	(116,617)
Balance at 31 December 2022	**21,903,031**	**867,450**	**31,719**	**7,987,483**	**1,614,661**	**32,404,343**
DEPRECIATION						
Balance at 1 January 2021	8,498,500	767,952	31,719	5,958,341	1,295,848	16,552,359
Depreciation for the year	733,142	30,086	-	369,574	91,818	1,224,620
Balance at 31 December 2021	**9,231,642**	**798,038**	**31,719**	**6,327,915**	**1,387,666**	**17,776,979**
Balance at 1 January 2022	9,231,642	798,038	31,719	6,327,915	1,387,666	17,776,979
Depreciation for the year	734,432	28,230	-	445,540	83,353	1,291,554
Disposals	-	-	-	(11,536)	-	(11,536)
Balance at 31 December 2022	**9,966,074**	**826,268**	**31,719**	**6,761,919**	**1,471,019**	**19,056,999**
CARRYING AMOUNTS						
At 31 December 2021	**12,671,389**	**57,740**	-	**1,544,774**	**89,431**	**14,363,335**
At 31 December 2022	**11,936,957**	**41,182**	-	**1,225,564**	**143,642**	**13,347,345**

The latest independent valuation of the Company's land and buildings was carried out by CBRE on 20 February 2023. The fair value of 7 Eliza Street, Newton, was estimated between $25,000,000 and $27,000,000 on the basis of the capitalisation method and building price per square metre check method. As land and buildings are recorded at cost, the valuation has not been brought to account.

Note 10 Leases

i. Right-of-Use Assets

The Company holds lease for property with lease terms ranging up to six years.

	Note	2022 $	2021 $
Balance at 1 January 2022		804,330	1,206,495
Net carrying value		**804,330**	**1,206,495**

ii. Amounts Recognised in Profit Or Loss and Other Comprehensive Income

	Note	2022 $	2021 $
Depreciation expensed for the year		402,165	402,165
Interest expense		47,449	64,434
Expenses relating to variable lease payments not included in the measurement of the lease liability		**449,614**	**466,599**

The total cash outflow in relation to lease payments amounted to $470,427 (2021: $449,113)

iii. Future Lease Payments

	Note	2022 $	2021 $
Amounts due for settlement within less than 12 months (current liabilities)		445,751	415,137
Amounts due for settlement in more than 12 months (non-current liabilities)		482,921	928,672
		928,672	**1,343,809**

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Note	2022 $	2021 $
Maturity analysis			
Less than one year		445,751	415,137
One to five years		482,921	928,672
More than five years		-	-
Net Investment in the Lease		**928,672**	**1,343,809**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Note 11 Trade and Other Payables	Note	2022 $	2021 $
Trade payables		1,115,265	1,434,955
Other trade payables		851,438	985,556
Accrued expenses		834,261	450,878
Total Trade and Other Payables		**2,800,964**	**2,871,389**

Note 12 Employee Benefits	Note	2022 $	2021 $
CURRENT			
Liability for long service leave		94,106	45,025
Liability for annual leave		825,580	863,199
Total Current		**919,686**	**908,224**
NON-CURRENT			
Liability for long service leave		505,024	437,681
Total Non-Current		**505,024**	**437,681**

Note 13 Deferred Income	Note	2022 $	2021 $
Research grants		7,156,266	4,004,674
Total Deferred Income		**7,156,266**	**4,004,674**

Note 14 Reserves

	Salteri research endowment Fund $	Foreign currency translation reserve $	Total $
At 1 January 2022	3,620,870	206,229	3,827,099
Currency translation differences	-	(21,221)	(21,221)
Transfer from related earnings	(270,257)	-	(270,257)
At 31 December 2022	**3,350,613**	**185,008**	**3,535,621**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Foreign currency translation reserve

This translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Salteri research endowment fund

The Salteri Research Endowment Fund reserve contains funds that have been set aside by resolution of the Board for the purpose of investment, generating ongoing investment income for the Group.

Under AASB 9, the movement in the fair value of investments will be realised in statement of profit or loss with any change in value then transferred from retained earnings to the Fund.

Note 15 Related parties (for non-disclosing entities)

Key management personnel compensation

Total key management personnel compensation during the year was $1,027,459 (2021: $1,117,754).

Directors' compensation

The non-executive Directors of the Company are appointed on an honorary basis and as a result do not receive any remuneration either directly or indirectly in their capacity as directors of the Heart Research Institute Limited or any of its related parties. The executive Director was appointed by the Board and is remunerated as an employee of the Company. Transactions with Directors and their related parties have been under the Company's normal terms and conditions.

Executive compensation is set with reference to comparable roles in other organisations and indexed to the Consumer Price Index. The Board has the ability to set performance goals for executives and can reward these executives for the achievement of these performance goals accordingly.

Contributions from the Company

One of the Company's former Directors is the founder and sole shareholder of Cruentus Pty Ltd and Thrombio Holdings Pty Ltd, Australian biotechnology companies developing novel antithrombotic therapeutics. The Company is currently investigating investment opportunities and collaborative arrangements with these two organisations with respect to the commercialisation initiatives linked to the development of a new anti-platelet drug. During the year, the Institute paid $628,995 (FY21: $70,706) for research conducted on behalf of these two entities. These amounts are reflected in the consolidated statement of profit or loss and other comprehensive income.

Note 16 Group entities

Parent and ultimate controlling party

The Heart Research Institute Limited is the ultimate parent company of the wholly-owned Group.

Parent entity

Heart Research Institute Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Significant subsidiaries	Country of	Ownership interest	
		2022	2021
The Heart Research Institute (UK)	United Kingdom	100%	100%
The Heart Research Institute (NZ)	New Zealand	100%	100%
The Heart Research Institute (Canada)	Canada	100%	100%
The Heart Research Institute Council Limited (Australia)	Australia	100%	N/A

Note 17 Parent entity disclosures

As at, and throughout, the financial year ended 31 December 2022 the parent entity of the Group was Heart Research Institute Limited.

	2022 $	2021 $
RESULT OF PARENT ENTITY		
(Loss)/ profit for the period	(5,221,251)	1,548,775
Total comprehensive income for the year	**(5,221,251)**	**1,548,775**
FINANCIAL POSITION OF PARENT ENTITY AT YEAR END		
Current assets	14,738,408	14,798,005
Total assets	**45,249,808**	**47,546,177**
Current liabilities	11,308,484	7,616,378
Total liabilities	**11,907,614**	**8,982,731**
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Reserves	3,350,613	3,367,777
Retained earnings	29,991,581	35,195,668
Total equity	**33,342,194**	**38,563,445**

Note 18 Auditors Remuneration

	Note	2022 $	2021 $
AUDIT AND REVIEW SERVICES			
KPMG Australia		83,000	107,000
Other		35,000	-
		118,000	**107,000**

Note 19 Commitments

During 2021, HRI has committed GBP 956,905 in relation to six collaborative research grants awarded by HRI UK for projects jointly conducted by HRI Australia scientists and collaborators located in the UK. The funds are expected to be fully spent by the end of 2024.

Note 20 Events after the reporting period

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

Note 21 Covid-19 Impact

The Directors do not expect any significant impacts from the ongoing effects of the COVID-19 pandemic save for potential adverse effects on fundraising revenue. The Directors will continue to monitor closely the results of the Group. The Directors do not believe that COVID-19 will affect the Group's capacity to remain a going concern for the foreseeable future.

Note 22 Information and declaration to be furnished under the Charitable Fundraising (NSW) Act, 1991

e) Fundraising appeals conducted during the financial year

Mail appeal, Trader appeals and Support direct, Lotteries, Sundry campaigns and donations.

f) Details of aggregate gross income and total direct expenses of fundraising

	Note	2022 $	2021 $
GROSS PROCEEDS FROM FUNDRAISING APPEALS:			
Mail appeals		263,210	294,149
Trader appeals and Support Direct		9,666,886	9,926,723
Lotteries		1,306,523	1,532,426
Sundry campaigns and general donations		287,427	116,752
		11,524,046	**11,870,050**
LESS TOTAL COSTS OF FUNDRAISING APPEALS:			
Mail appeals		75,533	82,500
Trader appeals and Support Direct		2,999,024	2,323,472
Lotteries		719,104	860,259
Sundry campaigns and general donations		128	33
		3,793,789	**3,266,264**
Net surplus raised from fundraising appeals		**7,730,257**	**8,603,786**

These Australian fundraising gross income and total direct expenses do not include the proceeds and costs associated with bequests.

Directors' Declaration

In the opinion of the Directors of Heart Research Institute Limited (the "Company"):

a) The consolidated financial statements and notes that as set out on pages 12 to 33 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance, for the financial year ended on that date; and

ii) complying with Australian Accounting Standards - Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; 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.

Signed in accordance with a resolution of the Directors.

P McGauran
Chairman
Date: 3/4/23

Sydney

Declaration by Chairman in respect of the: Charitable Fundraising Act 1991 (NSW) Charitable Fundraising Regulation 2021 (NSW) (Collectively "The Act and Regulation") For the year ended 31 December 2022

I, P McGauran, Chairman of Heart Research Institute Limited, declare, in my opinion:

a) the financial statements give a true and fair view;

b) the consolidated financial statements satisfies the requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2021 (NSW);

c) the internal controls exercised by the Group are appropriate and effective; and

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

P McGauran
Chairman
Date: 3/4/23

Sydney

Independent Auditor's Report

To the members of the Heart Research Institute Limited

Opinion

We have audited the ***Financial Report***, of the Heart Research Institute Limited and its controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991*, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2022, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 31 December 2022.

ii. Consolidated statement of profit or loss and other 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. Directors' declaration.

v. Declaration by the Chairman of the Company.

The Group consists of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Other Information is financial and non-financial information in the Heart Research Institute Limited'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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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 – *Simplified Disclosures Requirements* and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

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 and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 and Company or to cease operations, or have no realistic alternative but to do so.

KPMG

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 and Company'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 and Company 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

KPMG

Warwick Shanks

Partner

Sydney

3 April 2023