



Baker

Heart Research Institute

2006 Financial Report

*Every 10 minutes
an Australian dies from heart disease.
At the Baker Heart Research Institute
we are devoted to the prevention
and cure of cardiovascular disease
and its complications.*

Board of Management



Left to right clockwise: Robert Stewart – *President*, David Lloyd – *Chief Operating Officer*, Lindsay Maxsted – *Honorary Treasurer*, Justin Arter, John Allen, Paula Dwyer – *Vice President*, Anita Furnell – *Chief Financial Officer (by invitation)*.

Absent: Professor Graeme Ryan AC, Peter Scott, Professor Richard Smallwood AO (resigned November 2006), Professor Edward Byrne (resigned December 2006).



Professor Garry Jennings AM
Director

Financials

The Baker's strong financial performance in 2006 was primarily the result of careful management of revenue from all sources (see figure 2). Our financial position today is the result of a long-term, gradual improvement in our funds position, and a conservative management of donations and grants. Such a reserve is essential if we are to continue to support the highest-quality cardiovascular research and maintain our position as the nation's leading heart and diabetes research institute and one of the world's leading organisations in this field. Medical research is one of the most expensive and fastest-changing environments to work in and despite our recent strong financial performance we are only just keeping pace with the technological and other supports our work requires.

Our exceptional scientific record is apparent in our strong publications tally (see figure 3). What isn't clear in such metrics is the calibre of publication, and the impact each has had and will continue to have in its respective field. In 2006 the Baker maintained a high level of visibility in competitive scientific journals as well as in the most highly regarded international publications.

Australians live in an ageing society and heart disease remains the biggest killer of people here and around the world. At the Baker we remain singularly focused on our mission: the prevention and cure of heart disease and its complications.

Income statement

For the year ending 31 December 2006

	Consolidated		Parent	
	2006 \$	2005 \$	2006 \$	2005 \$
Revenue from ordinary activities	42,543,561	29,920,164	31,404,712	25,795,069
Expenses – building works	(700,000)	–	(700,000)	–
Employee benefits expense	(22,722,890)	(15,608,148)	(17,452,223)	(13,714,482)
Laboratory consumables	(6,632,979)	(5,322,948)	(5,418,757)	(4,314,372)
Depreciation & amortisation expenses	(1,455,890)	(1,280,559)	(1,377,921)	(1,227,237)
Share of loss in associate	(38,960)	(93,040)	(38,960)	(93,040)
Loss on partial disposal of subsidiary	(161,307)	–	–	–
Fixed assets written off	(676,787)	(664,062)	(676,787)	(502,178)
Building overheads	(327,579)	(431,101)	(310,166)	(372,029)
Borrowing costs expense	–	(114)	–	–
Lab. support expenses	(3,383,645)	(2,528,279)	(1,215,052)	(1,795,787)
Research & development	(477,778)	(211,982)	–	–
Other expenses from ordinary activities	(1,998,143)	(1,229,064)	(1,261,180)	(1,194,450)
Surplus from ord. activities before income tax expense	3,967,603	2,550,867	2,953,666	2,581,494
Income tax expense	(140,185)	(70,877)	–	–
Surplus from activities after income tax expense	3,827,418	2,479,990	2,953,666	2,581,494
Total change in funds	3,827,418	2,479,990	2,953,666	2,581,494
Attributable to:				
Minority interests	(78,448)	–	–	–
Members of parent	3,905,866	2,479,990	2,953,666	2,581,494

The summary financial information provided above and in the following two pages, being an income statement, balance sheet and cash flow statement, has been extracted from the audited special purpose financial statements of the Baker Medical Research Institute and its controlled entities. The summary financial information does not include all the information and notes normally included in a statutory set of financial statements. A full set of audited special purpose financial statements can be obtained upon request to the Finance Director. The statutory financial statements (from which the summary financial information has been extracted) have been prepared with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). The statutory financial statements were qualified by the auditors Ernst & Young Australia in respect to the Institute's policy to expense capital works undertaken on the buildings, which the Institute utilises. Full details of the audit qualification are contained within the audit opinion in the statutory financial statements.

Balance sheet

As at 31 December 2006

	Consolidated		Parent	
	2006 \$	2005 \$	2006 \$	2005 \$
ASSETS				
Current assets				
Cash assets	9,738,645	4,888,886	7,342,574	3,200,150
Trade and other receivables	6,130,015	2,372,365	5,487,550	1,471,801
Intercompany loan	-	-	287,978	226,463
Available-for-sale financial assets	16,186,284	13,306,474	16,186,294	13,306,484
Investment in associate	1	21,961	1	21,961
Other	145,159	107,464	84,767	67,057
Total current assets	32,200,104	20,697,150	29,389,164	18,293,916
Non-Current assets				
Plant & equipment	4,268,516	4,453,638	3,962,044	4,216,899
Intangible assets	412,456	65,140	412,456	65,140
Total non-current assets	4,680,972	4,518,778	4,374,500	4,282,039
Total Assets	36,881,076	25,215,928	33,763,664	22,575,955
LIABILITIES				
Current liabilities				
Trade and other payables	8,659,454	3,892,621	7,264,795	2,824,497
Prepaid income	2,566,274	1,663,136	2,273,640	179,441
Provisions	2,796,586	2,246,750	2,558,035	2,134,188
Income tax payable	201,239	70,877	-	-
Total current liabilities	14,223,553	7,873,384	12,096,470	5,138,126
Non-current liabilities				
Provisions	192,093	133,831	165,106	133,831
Other	20,294	6,220	-	-
Total non-current liabilities	212,387	140,051	165,106	133,831
Total Liabilities	14,435,940	8,013,435	12,261,576	5,271,957
Net Assets	22,445,136	17,202,493	21,502,088	17,303,998
FUNDS				
Accumulated funds				
Operating, capital & specific purpose funds	17,731,547	13,825,682	16,880,851	13,927,187
Fair value reserve	4,621,237	3,376,811	4,621,237	3,376,811
Foreign currency translation reserve	(6,441)	-	-	-
Parent interests	22,346,343	17,202,493	21,502,088	17,303,998
Minority interests	98,793	-	-	-
TOTAL Funds	22,445,136	17,202,493	21,502,088	17,303,998

Cash flow statement

For the year ending 31 December 2006

	Consolidated		Parent		
	2006 \$	2005 \$	2006 \$	2005 \$	
CASH FLOWS FROM ORDINARY ACTIVITIES	Receipts from granting bodies	15,917,772	12,279,185	15,873,894	12,147,321
	Donations and bequests	6,627,386	4,141,020	6,627,386	4,141,020
	Payments to suppliers & employees	(36,359,214)	(22,965,867)	(25,520,484)	(20,715,924)
	Income tax paid	(9,822)	-	-	-
	Dividends received	709,529	696,885	709,529	696,885
	Interest received	383,536	197,244	294,207	186,178
	Rent received – Baker & Burnet buildings	1,248,521	1,260,148	1,248,521	1,260,148
	Commercial income	17,868,326	9,676,405	6,368,956	5,930,932
	General income	1,310,784	454,156	1,310,783	454,156
	Net cash inflow from ordinary activities	7,696,818	5,739,174	6,912,792	4,100,716
CASH FLOWS FROM INVESTING ACTIVITIES	Payment for available-for-sale financial assets	(7,586,304)	(6,654,451)	(7,599,845)	(6,654,381)
	Proceeds from sale of available-for- sale financial assets	7,055,161	4,100,035	7,055,161	4,100,035
	Payment for plant & equipment	(2,309,137)	(1,297,875)	(2,147,169)	(1,092,724)
	Proceeds from/(to) related party loan	-	226,463	(61,515)	-
	Purchase of convertible notes	(17,000)	-	(17,000)	-
	Cash transfer from subsidiary	-	29,036	-	-
	Net cash outflow from investing activities	(2,857,280)	(3,596,792)	(2,770,368)	(3,647,070)
NET CASH INCREASE IN CASH HELD	Cash at beginning of the financial year	4,888,886	2,746,574	3,200,150	2,746,574
	Effects of exchange rate changes on cash held in foreign currencies	10,221	(70)	-	(70)
	Cash at the end of the financial year	9,738,645	4,888,886	7,342,574	3,200,150

National Health & Medical Research Council funding received

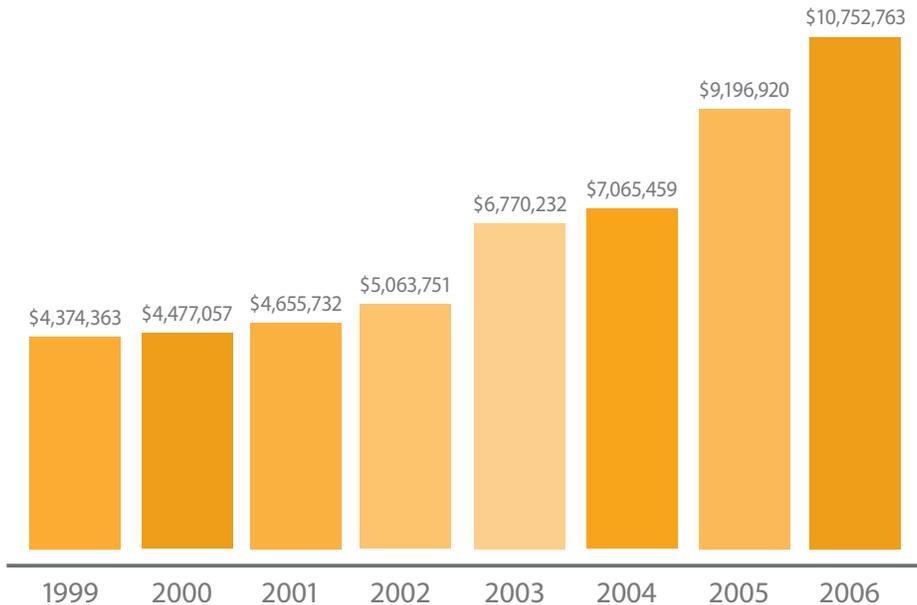


Figure 1

Revenue sources 2006

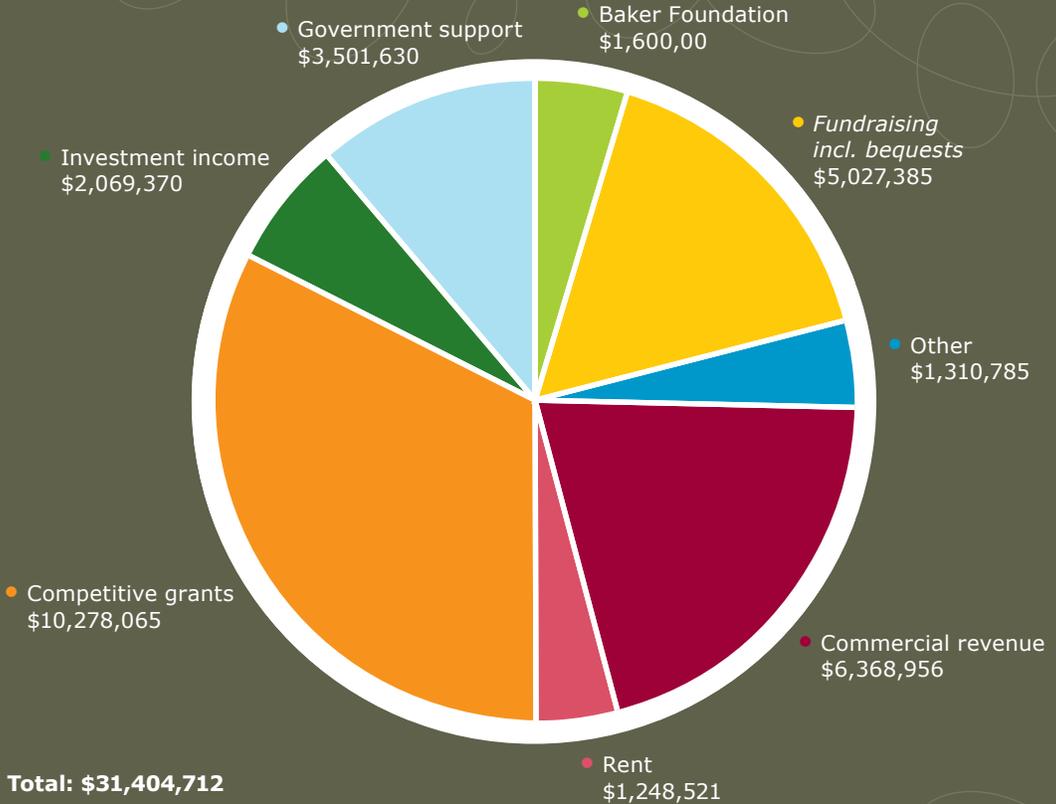


Figure 2

Organisational structure



Number of journal articles published

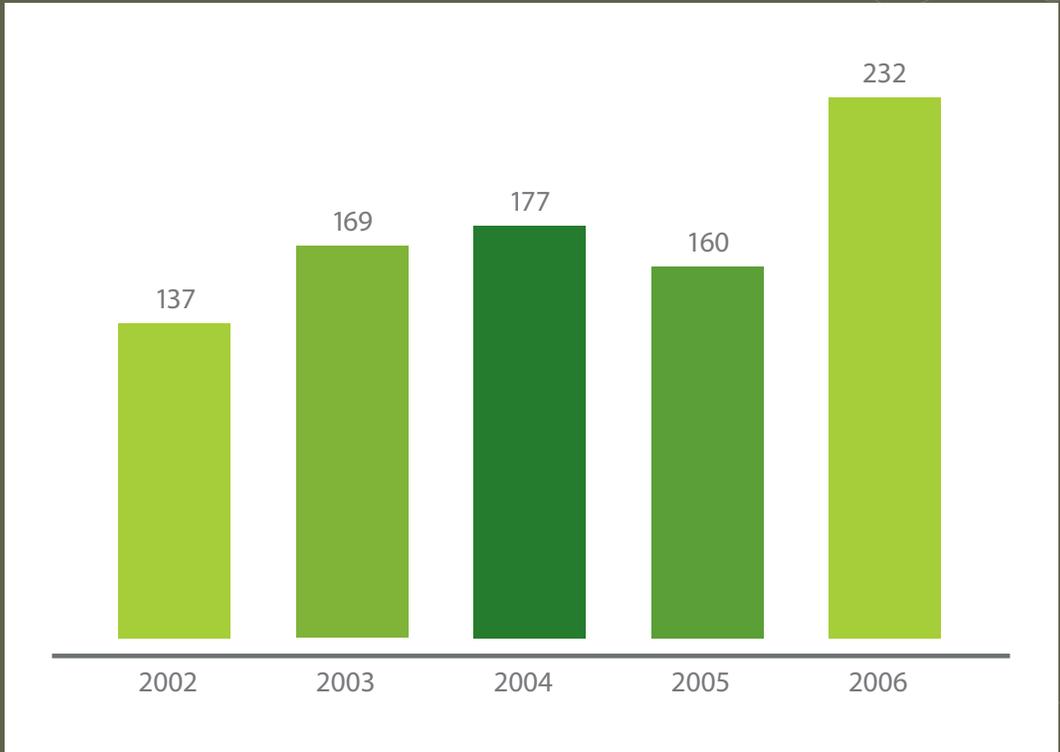


Figure 3

A full list of publications can be found in the 2006 Research Update



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***Baker research** has revealed that **one patient in three** with Type 2 diabetes has **symptomless** early stage **kidney disease**, a discovery that will improve the **care and treatment** of diabetics by their GPs.*

*In the 1950's Baker scientists discovered the **difference** between **Type 1 and Type 2 diabetes**, based on the discovery that Type 2 diabetics are **insulin resistant**.*

***Baker research** demonstrated that the **failing human heart** was excessively stimulated by the sympathetic **nervous system**. This research has led to greatly **improved treatments** for heart failure patients.*