



# **THE ANIKA FOUNDATION Annual Report**

## **2009 - 2010**



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## CHAIRMAN'S REPORT

On behalf of the board, I am delighted to present the Chairman's Report for 2009-10.

### The Anika Foundation Strategy

Since 30 June 2009 the Anika Foundation continued to try to build its corpus of funds to be able to sustain its current activities in the future. These activities include: our teachers' scholarships; events in the community to raise the profile of youth issues; and the Macquarie Foundation PhD Scholarship in Adolescent Depression and Suicide. We would also hope to expand these activities in the future, including to other states, provided the fund's income builds beyond our current requirements.

### Fund Raising Activities

The Foundation received the second and third of three payments of \$75,000 from the Macquarie Group Foundation to support the PhD program. The annual Glenn Stevens event (in July 2009) to publicise the Foundation and raise funds was a great success—Glenn, Reserve Bank Governor, is a director of the Anika Foundation. His speech again focused on policy challenges. The well-attended event raised a net \$46,000. The Tudor Foundation donated \$33,000 in early 2010. Speaker fees and broking tags for the Chairman, paid to the Foundation, amounted to \$58,500 in this financial year. Perhaps the most significant donations, in the Board's view, were those of Caringbah High School, which was able to donate \$4,000 and Ravenswood School for Girls, which donated \$3,680. Both schools selected the Anika Foundation for annual fund raising in 2009. Finally, donations from the broader community continued. In the past year personal donations for amounts in the range of \$50 to \$50,000 were received from individuals, and also repeat donations from people who feel very strongly about the issue. Tim Ryan of Orion Funds made his second donation of another very large sum of money. In short, the traction the Anika Foundation has gained on the issue of adolescent depression has resulted in one of our best ever 12-month periods of progress. The fund is at around \$1.3 million (net of amounts payable for scholarships), only

\$300,000 short of its current funding sustainability target of \$1.6million.

### Glenn Stevens' Speech on the Challenges of Economic Policy

On the 28th of July 2009 the Anika Foundation held its fourth annual fund raiser at which Glenn Stevens spoke to financial market participants to raise money for the Foundation's work. This year the event was again co-hosted by Macquarie Bank and the Australian Business Economists (ABE). The event was preceded by a short speech from Danae Blundell-Wignall, Anika's sister, about the work of the Foundation. Glenn's speech was entitled "*Challenges for Economic Policy*". He looked at the international challenges first, focusing on the emerging fiscal deficits that will need to be unwound later on and other key exit strategy issues. Amongst these he referred to the need to unwind the guarantees that policy makers had extended during the crisis, both to depositors and in wholesale funding markets. Presciently, he raised the issue of the building risks for long-term interest rate rises in the future: subsequently this has become a major topic of debate in policy and private sector circles. He then turned to Australian policy issues. Glenn clearly encouraged the view that Australia would not have as significant a downturn as some had been thinking, in no small measure due Australia's integration into Chinese and Asian economic regions, which were showing signs of strength, unlike the countries that were the focal point of the crisis. One issue that he emphasized was the need for accommodative financial conditions to be reflected in more dwelling construction and not in renewed house price increases. There were some significant market moves after the speech.

### Raising Community Awareness

In the past year the Foundation once again focussed on raising awareness about adolescent depression in the wider community.

Depression, self harm and the risk of suicide are such big issues for our young people, both in Australia and all around the world. Mission



Australia's National Youth Survey results for 2009 showed that (when asked to rank concerns about 15 issues) drugs was ranked most frequently in the top three by 26.8 per cent of respondents, closely followed by suicide at 26.3 per cent and body image at 25.5 per cent.

Some of the activities undertaken to raise the profile of youth issues in 2009 include: Danae speaking at Caringbah High School about the issue of youth depression and suicide, the feedback from which was enormously positive; Danae's talk and the high profile for the Anika Foundation and the Macquarie scholarship at the Glenn Stevens event; numerous speeches by the chairman on behalf of the foundation, including in Sydney, Melbourne, Copenhagen and London. Luncheon events and speeches by the Governor of the Reserve Bank where donations were made to the Foundation (universities); an ABC radio national breakfast show interview with the chairman about the work of the foundation; interviews with the chairman and the Governor of the Reserve Bank for publication in the scholarship donors series at the University of NSW; an article on Mona Taouk's PhD and the support of the Macquarie Group Foundation that appeared in the "Australian" Higher Education Supplement in November 2009; and Jeff White and the chairman attending the Premier's scholarship presentation function at Government House.

Our past scholars have already begun to contribute to the community upon their return from abroad.

### **The Premier's Anika Foundation Youth Depression Awareness Scholarships**

Over the past year the Anika Foundation completed and sent a third set of scholars on their research travel scholarships. The selection panel met in June 2009 to choose the 2 new winners. Danae Blundell-Wignall and Jeff White once again represented *The Anika Foundation* on the panel. The winners were announced in August 2009, and the scholarships were awarded by the NSW Premier. The 2010 scholarships have now been advertised and the selection process is under way.

At its last meeting the board decided it was now time to review the success of the teachers' scholarships formally, to ensure that they remain essential for the effective use of funds. To this end it was decided to design a questionnaire for a survey of the past few years of returned scholars focusing on what they had done, whether they had kept to their proposal commitments and what changes they have been able to implement. A separate questionnaire will be designed and sent to members of the Department of Education and Training in NSW. Board members Jeff White and Danae Blundell-Wignall will be responsible for the survey.

### **The Macquarie Group Foundation PhD Scholarship in Adolescent Depression and Suicide**

The scholarship was awarded to Mona Taouk from Melbourne, who completed her honours year in 2008. She has now been working on the PhD for around 9 months.

Here follows a preliminary report from one of her supervisors (Professor Mitchell, Head, Department of Psychiatry and the University of NSW):

i) Mona presented paper on "*Developing a Psychometric Tool to Assess Adolescent Depression*" at the Australian Conference on Personality and Individual Differences at Sydney University in November 2009. In this she referenced the Macquarie Group Foundation and the Anika Foundation.

ii) She is currently preparing two papers for publication - one using data from her honours thesis on an earlier version of the adolescent depression scale; the other a review of assessment tools for depression in adolescents (again the appropriate references will be made).

iii) Mona submitted her ethics application for the first studies of her PhD just prior to Christmas. The Ethics Committee requested a few (minor) modifications to which she has responded. She expects to get final approval in the next few weeks to commence this first phase research (qualitative studies with groups of patients, clinicians and high school students). After this, the second phase will be quantitative research in large samples refining the depression screening interview.



iv) A group of supervisors has been formed who meet with her each 1-2 months (in addition to more regular meetings with Professor Mitchell) - Professor Bettina Meiser (psychologist researcher with expertise in qualitative research and the development of rating scales); Dusan Hadzi-Pavlovic (statistician); Michael Dudley (adolescent psychiatrist); and Professor Mitchell.

In the words of Professor Mitchell: "*She is highly committed, energetic and diligent - so we are all delighted with her progress*".

#### **www.anikafoundation.com**

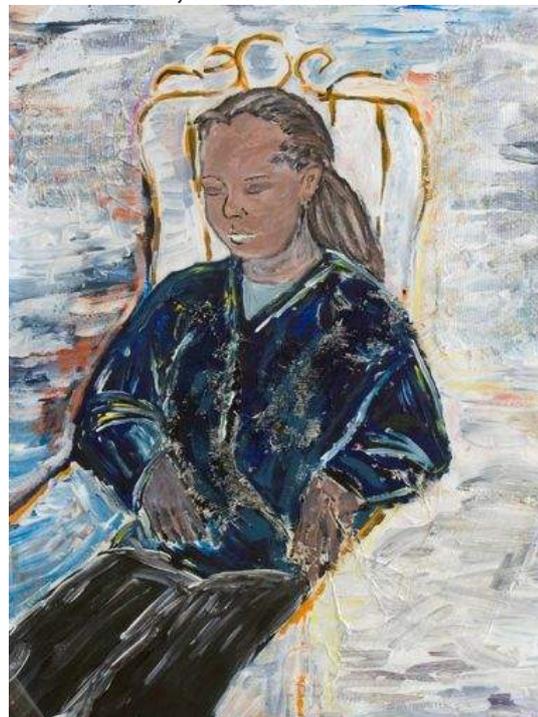
The website run by Anika's brother Tate is proving to be a huge success in raising the profile of the Foundation on the topic of adolescent depression and suicide. In mid 2006 the site was averaging approximately 50 sessions per day. This rate had more than doubled to 105 sessions per day in 2008 and continues to move higher. The Anika Foundation continues to rise in its' search engine rankings for key words and individual names.

Adrian Blundell-Wignall, Chairman, 10/7/2010

#### **In Memorium**

It is with great sadness that I have to report that one of our past teacher scholars, Jane Sleeman, passed away this year. She was very involved in raising awareness about youth depression in the community, and in promoting new approaches for dealing with it. She was truly a selfless and generous person, and we will miss her very much.

#### **'Self Portrait', from Anika's Art Portfolio**





## DIRECTOR'S REPORT

The directors present their annual report for The Anika Foundation, for the year ended 30 June 2010.

### Directors

The directors of the company any time during or since the end of the year are:

- Adrian Blundell-Wignall (chair, investments)
- Glenn Stevens
- Prof. Phillip Mitchell
- Crispin Murray (investments)
- Paul Brennan
- Jeffrey White
- Tate Dogan
- Danae Blundell-Wignall
- Tanya Branwhite (corporate relations)

The company was set up on 13 March 2005;

Endorsed as a Deductible Gift Recipient by the Australian Tax Office on 12 May 2005, under Subdivision 30-B of the Income Tax Assessment Act 1997.

Endorsed for income tax exemption from 12 May 2005, under Subdivision 50-B of the Income Tax Assessment Act 1997.

Endorsed for GST concessions from 1 July 2005, under Division 176 of A New Tax System (Goods and Services Tax) Act 1999.

NSW Dept of Gaming & Racing, authority to fundraise for charitable purposes, issued on 29 July 2005, and renewed from 29 July 2006.

### Principal Activity

The principal activity of the company over the course of the year was fund raising for an endowment fund, the income from which is used to support research into adolescent depression and suicide.

2 grants of \$15,000 were made in the course of 2009-2010, under the Premier's Anika Foundation Youth Depression Awareness Scholarships scheme. One grant of \$35,000

was made prior to the start of the financial year to the University of NSW to support first payments of the Macquarie Group Foundation PhD Scholarship in Youth Depression and Suicide. These funds have been dispersed to the scholar by the University in the course of the year. The Foundation is committed to making similar grants in 2010-2011.

### Review and Result of Operations

The total revenue from ordinary activities was \$394,785 (2009: \$175,742).

Earnings including interest and dividends was \$39,969 (2009: \$59,679).

The management of the investment portfolio has reflected the continued cautious view of the board investment subcommittee. The move to a very high cash allocation, and a defensive stock selection (that outperformed the ASX in 2 of the worst years on record) meant that the fund rose in absolute terms in each of the past 3 financial years.

Ann Perf.	Cash	Equity	Total Assets	% Equity	Perf Eq. %	Div	Div Yld	Int	Int Rate	Tot Perf.
Jun-07	490044	205718	695762	29.57						
Jun-08	727185	178425	905610	19.70	-11.43	10824	5.26	38398	7.84	3.70
Jun-09	832488	152196	984684	15.46	-15.90	9438	5.29	37454	5.15	2.04
Jun-10	1191804	166534	1358338	12.26	9.69	6681	4.39	33288	4.00	5.23

The directors were delighted with the progress made during the year.

### State of Affairs

There were no significant changes in the state of affairs of the company that occurred during the year under review.

### Environmental Regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place in place for the management of its environmental requirements as they apply to the Company.



### **Events Subsequent to the Balance Date**

There has not arisen in the interval between the end of the financial year and the date of this 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 Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### **Likely Developments**

The company expects the endowment fund raising activity to continue in the 2010-2011 financial year. We expect to make awards in the vicinity of \$65,000 in the course of 2010-2011.

### **Dividends, Options Remuneration**

No common or preferred stocks have been issued.

All activities of the Foundation are voluntary.

No remuneration was paid to directors.

### **Indemnification and Insurance of Officers & Auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the balance date year, for any person who is or has been an officer of the company.

### **Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.



**Lead Auditor's Independence Under  
Section 307c of the Corporations  
Act 2001**

The lead auditor's independence declaration is set out on page 8 and forms part of the director's report for the year ended 30 June 2010.

Dated at Sydney at this 21<sup>th</sup> July 2010.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'A Blundell-Wignall'. The signature is fluid and cursive.

.....  
Adrian Blundell-Wignall  
Director and Chairman



## Lead Auditors Independence Declaration Under Section 307c of the Corporations Act 2001.

To: The directors of The Anika Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

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

KPMG

Peter Russell  
10 Shelley St.  
Sydney, 2000 Australia

21th July 2010



## STATEMENT OF COMPREHENSIVE INCOME

	Note	2010 \$	2009 \$
For the year ended 30 June 2010			
Revenue from continuing operations	5	394,785	175,742
Scholarships		(30,000)	(65,000)
Other expenses from operating activities		(969)	(83)
Surplus for the year		<u>363,816</u>	<u>110,659</u>
Other comprehensive income for the year		-	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss		-	(50,980)
Total comprehensive income for the year	12	<u><u>363,816</u></u>	<u><u>59,679</u></u>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

## STATEMENT OF FINANCIAL POSITION

	Note	2010 \$	2009 \$
As at 30 June 2010			
Current Assets			
Cash and cash equivalents	12	1,191,804	832,488
Available for sale securities	6	<u>166,535</u>	<u>152,196</u>
Total Current Assets		<u>1,358,338</u>	<u>984,684</u>
Total Assets		<u>1,358,339</u>	<u>984,684</u>
Current liabilities			
Unearned income	8 & 9	-	4,500
Payables	8	<u>35,000</u>	<u>35,000</u>
Total Current liabilities		<u>35,000</u>	<u>39,500</u>
Total Liabilities		<u>-</u>	<u>39,500</u>
Net Assets		<u>1,323,339</u>	<u>945,184</u>
Fair value reserve		35,622	21,283
Retained surplus	10	<u>1,287,717</u>	<u>923,901</u>
Total funds		<u><u>1,323,339</u></u>	<u><u>945,184</u></u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.



## STATEMENT OF CHANGES IN FUNDS

For the year ended 30 June 2010	Fair value reserve \$	Retained surplus \$	Total \$
Balance at 1 July 2008	(212)	864,222	864,010
Total comprehensive income for the year			
Surplus for the year	-	59,679	59,679
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	21,495	-	21,495
Balance at 30 June 2009	<u>21,283</u>	<u>923,901</u>	<u>945,184</u>
Total comprehensive for the year			
Surplus for the year	-	363,816	363,816
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	14,339	-	14,339
Balance at 30 June 2010	<u>35,622</u>	<u>1,287,717</u>	<u>1,323,339</u>

The statement of changes in funds is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2010	Note	2010 \$	2009 \$
Cash from operating activities			
Cash receipts in the course of operations		350,316	126,750
Scholarships paid		(30,000)	(65,000)
Interest received		33,288	37,454
Dividends received		6,681	9,438
Other expenses paid		(969)	(83)
Net cash from operating activities	12b	<u>359,316</u>	<u>108,559</u>
Net cash flows from investment activities			
Proceeds from sale of investments		-	8,131
Net proceeds from sale of investments		-	(11,387)
Net cash used in investment activities		<u>-</u>	<u>(3,256)</u>
Net increase in cash held		359,316	105,303
Cash at the beginning of the year		<u>832,488</u>	<u>727,185</u>
Cash at the end of the year	12a	<u>1,191,804</u>	<u>832,488</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.



## Notes to the financial statements for the year ended 30 June 2010

### Note 1: Reporting entity

The Anika Foundation (the “company”) is an Australian Public Company, limited by guarantee incorporated and domiciled in Australia. The address of the company’s registered office is 56 Ballast Point Rd, Birchgrove, NSW (2041).

The Company is primarily involved in the raising of funds from donations and organization of events for an endowment fund, the income from which will support research into adolescent depression.

### Note 2: Basis of preparation and significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for as discussed below.

#### *Presentation of financial statements*

The Company applies amended AASB 101 Presentation of financial statements (September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards resulting from AASB 101, which are applicable for annual periods beginning on or after 1 January 2009. This presentation has been applied within these financial statements as of and for the year ended 30 June 2010. Since the application only affects presentation aspects of the primary financial statements, there is no impact on the financial position or financial performance of the Company.

#### (a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report was authorised for issue by the directors on 21<sup>st</sup> July 2010.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available for sale securities that are measured at fair value.

The methods used to measure fair values are discussed further in note 3.

#### (c) Functional and presentation currency

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

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### Note 2: Basis of preparation and significant accounting policies (cont.)

(e) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents and available-for-sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale securities

The Company's investments in equity securities and certain debt securities are classified as available-for-sale securities. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2(f)), and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### Note 2: Basis of preparation and significant accounting policies (cont.)

(f) Impairment

(i) *Financial assets (including receivables)*

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(g) Revenue

*Donations and fundraising*

The Company is a non-profit organisation and receives significant income from donations and fundraising. Grants and donation income is brought to account when there is a reasonable assurance that monies will be received. Funds received in advance of obligations being met are deferred and taken to income as the related expenses are incurred and obligations are met.

(h) Finance income

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit and loss using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(i) Income tax

The Company has been granted an exemption from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### Note 2: Basis of preparation and significant accounting policies (cont.)

(j) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

- AASB 9 Financial Instruments, simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. AASB 9, becomes mandatory for the Company's 30 June 2014 financial statements. The Company has not yet determined the potential effect of the new standard.

- AASB 124 Related Party Disclosures (revised December 2009), introduces changes to the related party disclosure requirements for government-related entities, and the definition of a related party. The amendments, which become mandatory for the Company's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements. The Company has not yet determined the potential effect of the new standard.

### 3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Investments in equity and debt securities*

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### 4 Financial risk management

#### Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

#### Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liabilities are disclosed in note 2 to the financial statements.

#### (a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to cash and cash equivalents and investment securities.

The Company's cash and cash equivalents are placed with major financial institutions.

#### Investments

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a high credit rating. Given these high credit risk ratings, management does not expect any counterparty to fail to meet its obligations.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

#### (c) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to interest rate risk attributable to cash and cash equivalents and other financial assets.

#### (d) Capital management

The Company, being a not-for-profit entity, retains all surpluses to satisfy both working capital requirements and the long-term viability of the operations.



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### Note 5: Revenue

	2010	2009
	\$	\$
Revenue from continuing operations		
Donations	354,816	128,850
Interest	33,288	37,454
Dividends	6,681	9,438
Total revenue from continuing operations	<u>394,785</u>	<u>175,742</u>

### Note 6: Available for sale securities

	2010	2009
	\$	\$
Available for sale securities - at fair value	<u>166,535</u>	<u>152,196</u>

### Note 7: Auditor's remuneration

The auditor of the Company, KPMG Australia, acts in an honorary capacity and receives no compensation for its services.

### Note 8: Payables

	2010	2009
	\$	\$
Unearned income	-	4,500
Payables	35,000	35,000
	<u>35,000</u>	<u>39,500</u>

### Note 9: Unearned income

The annual fundraiser is held on 20 July 2010, no cash receipts were collected prior to 30 June 2010 (2009: \$4,500). If the function had been cancelled, the money would have to be returned.

### Note 10: Retained surplus

	2010	2009
	\$	\$
Retained surplus at the beginning of the year	923,901	864,222
Net surplus for the year	363,816	59,679
Retained surplus at the end of the year	<u>1,287,717</u>	<u>923,901</u>



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### Note 11: Financial instruments

Exposure to credit, liquidity and market risk arises in the normal course of the Company's business.

#### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. At the balance sheet date there were no significant concentrations of credit risk.

The carrying amount of financial assets represents the maximum credit exposure, which at reporting date was:

	Note	Carrying amount	
		2010	2009
		\$	\$
Cash and cash equivalents	12	1,191,804	832,488
Available for sale securities	6	166,535	152,196

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

#### Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

	Note	2010	2009
		\$	\$
<b>Variable rates instruments</b>			
Cash and cash equivalents	12	1,191,804	832,488

The average interest rate for the year ended 30 June 2010 was 6.6% (2009: 4.80%)

Trade payables are non-interest bearing.

#### Other market price risks

The company's investments subject to price risk are listed on the Australian Stock Exchange. A 1% increase at the reporting date in the All Ordinaries Index (which includes the majority of the Company's investment) would increase the market value of the securities by \$1,665 (2009: \$1,522), and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in equity as these financial instruments are classified as available-for-sale.

#### Impairment losses

No impairment losses in respect to available for sale securities were recognised in the profit and loss for investments that had a significant decline in their fair value below their cost (2009: \$ 45,392).

#### Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points in the interest rates at the reporting date would have increased the surplus for the year by \$11,918 (2009: \$8,325). This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2009.



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### Note 11: Financial instruments (cont.)

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The following are the contractual maturities of financial liabilities:

2010	Note	Carrying amount	Contractual cash flows	0-30 days	31-60 days	More than 60 days
		\$	\$	\$	\$	\$
Payables	8	35,000	35,000	-	35,000	-
2009	Note	Carrying amount	Contractual cash flows	0-30 days	31-60 days	More than 60 days
		\$	\$	\$	\$	\$
Payables	8	39,500	39,500	4,500	35,000	-

#### Fair values

The fair values of financial assets and liabilities approximate their carrying amounts shown in the balance sheet.

### Note 12: Cash and cash equivalents

	2010	2009
	\$	\$
a) Reconciliation of cash		
For the purposes of statement of cash flows, cash includes cash on hand and at bank.		
Cash as at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	1,191,804	832,488
b) Reconciliation of cash flow from operations with surplus for the year:		
Surplus for the year	353,816	59,679
Adjustments for:		
Net loss on financial assets	-	50,980
Decrease in payables	(4,500)	(2,100)
Net cash provided by operating activities	<u>359,316</u>	<u>108,559</u>



## Notes to the financial statements for the year ended 30 June 2010 (continued)

### **Note 13: Directors Remuneration**

The Directors did not receive any income from the company or related parties for their office during the year.

The names of directors who have held office during the year are:

Adrian Blundell-Wignall (chair)

Glenn Stevens

Prof. Phillip Mitchell

Crispin Murray

Paul Brennan

Tate Everett Dogan

Danae Rhiannon Blundell-Wignall

Jeffrey White

Tanya Branwhite (corporate relations)

The directors are limited by guarantee to a maximum of AU\$10 each.



## Director's Declaration

In the opinion of the Directors of The Anika Foundation (the "Company"):

a) the financial statements and notes, set out on pages 9 to 19, are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of the company as at 30 June 2010 and of its performance for the financial year ended on that date, and
- (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

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

Dated at Sydney this 21st day of July 2010.

Signed in accordance with a resolution of the directors.

.....  
Director