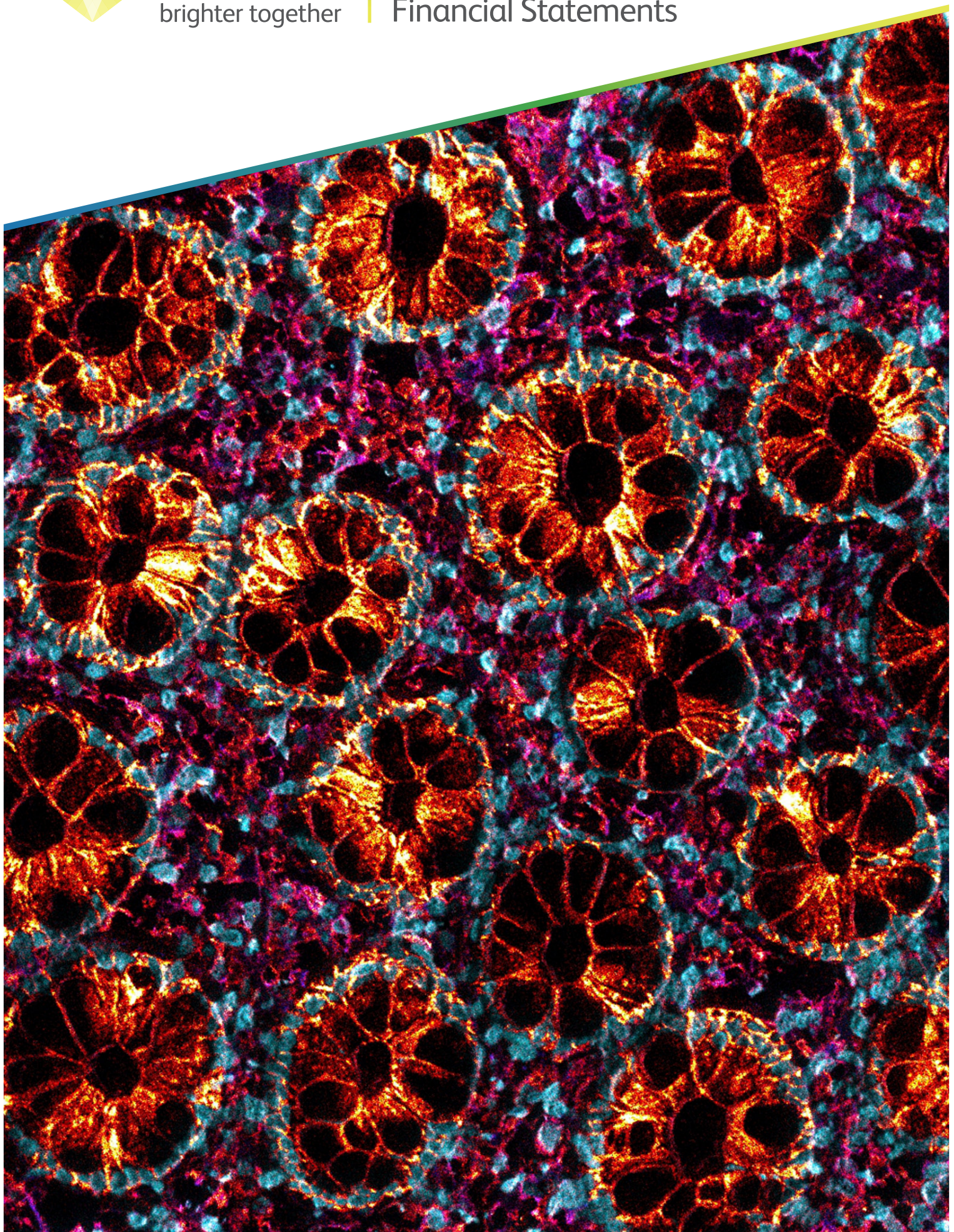




WEHI
brighter together

2023
Annual Report
Financial Statements



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The Walter and Eliza Hall Institute of Medical Research


Parkville campus


1G Royal Parade
Parkville Victoria 3052 Australia
Telephone: +61 3 9345 2555

Bundoora campus


4 Research Avenue
La Trobe R&D Park
Bundoora Victoria 3086 Australia
Telephone: +61 3 9345 2200

www.wehi.edu.au

 WEHLresearch

 WEHI_research

 WEHImovies

 WEHI_research

 Walter and Eliza Hall Institute

ABN 12 004 251 423

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Produced by the WEHI's Communications and Marketing department

Director (acting)

Alan Cowman AC

BSc(Hons) *Griffith* PhD *Melb* FAA FRS
CorrFRSE DUiv *QUT* FAHMS FASM FASP

Deputy Director (acting)

Marnie Blewitt

BSc(Hons) *USyd* PhD *USyd*

Deputy Director (acting)

Sant-Rayn Pasricha

MBBS(Hons) *Melb* MPH *Melb* PhD *Melb* FRACP FRCPA

Chief Operating Officer

Carolyn MacDonald

BArts (Journalism) *RMIT* GAICD

Chief Financial Officer

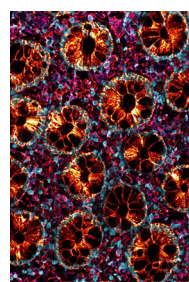
Alistair Brown

BCom *Melb* CA

Company Secretary

Joh Kirby

BApp Sc LLB (Hons) *Monash* GAICD FGIA CF



Cover image

2023 Art of Science finalist
ON FIRE

Claire Marceaux and Aysha Al-Ani

This fiery image shows the intricate structure and beauty of the wall of a healthy colon, with small glandular structures (crypts) that play an important role in maintaining its function.

WEHI acknowledges the Traditional Owners and custodians of the land on which our campuses are located, the Wurundjeri people of the Kulin Nation. We pay our respects to their Elders past and present and embrace their continued connection to Country and community.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

		2023	2022
	Note	\$'000	\$'000
Revenue and other income			
Fundraising and grant income	2.1	130,447	132,963
Other income	2.2	8,092	9,734
		138,539	142,697
Investment income	2.3	33,221	35,740
Total income		171,760	178,437
Employee related expenses	3.1	(137,819)	(121,581)
Scientific consumables and other research expenses		(36,182)	(31,769)
Other expenses	3.2	(43,785)	(37,385)
Total expenses		(217,786)	(190,735)
Finance (costs)/income	4	(1,246)	5,649
Operating Deficit		(47,272)	(6,649)
Bequests and donations allocated to permanent funds		161	1,620
Share of profits of equity accounted investments	18	457	2,011
Gain on merger		-	4,068
Gain/(loss) on financial assets taken to profit or loss		3,501	(8,432)
Other foreign exchange gain		1,010	6,742
Net Deficit for the period		(42,143)	(640)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on financial assets taken to equity (FVTOCI equity Instruments)		34,450	(35,638)
Items that may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on financial assets taken to equity (FVTOCI debt Instruments)		2,998	(2,442)
Gain on sale of financial assets (FVTOCI debt Instruments) reclassified to profit or loss		19	-
Total comprehensive loss for the year		(4,676)	(38,720)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position as at 31 December 2023

		2023	2022
Assets	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	15.1	84,060	165,332
Trade and other receivables	5	32,407	24,824
Prepayments		2,750	1,531
Total current assets		119,217	191,687
Non-current assets			
Financial assets	6	647,140	570,709
Other receivables	5	1,730	-
Investments in associates and joint ventures	18	7,763	7,306
Property, plant and equipment	7	195,320	193,702
Right of use assets	8	4,341	4,998
Total non-current assets		856,294	776,715
Total assets		975,511	968,402
Liabilities			
Current liabilities			
Trade and other payables	10	22,025	25,270
Provisions	11	28,801	27,446
Unearned grants and fellowships	2.1.1	75,763	60,068
Other liabilities	13	955	882
Total current liabilities		127,544	113,666
Non-current liabilities			
Provisions	11	22,998	24,534
Other liabilities	13	1,378	1,935
Total non-current liabilities		24,376	26,469
Total liabilities		151,920	140,135
Net assets		823,591	828,267
Funds			
Permanent invested funds	14.1	244,672	240,122
General funds	14.2	416,697	408,197
Royalty fund	14.3	-	55,822
Leadership fund	14.4	37,353	35,259
Discovery fund	14.5	6,785	6,341
Investment revaluation reserve	14.6	118,084	82,526
Total funds		823,591	828,267

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	Permanent fund	General fund	Royalty fund	Leadership fund	Discovery fund	Investment revaluation reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	229,672	419,077	56,389	30,225	5,746	125,878	866,987
Transfers between Funds	8,675	(16,034)	-	3,268	253	3,838	-
Transfers from Investment revaluation reserve on sale of investments	-	9,110	-	-	-	(9,110)	-
Net Deficit for the year	1,775	(3,956)	(567)	1,766	342	-	(640)
Other comprehensive loss for the year							-
Revaluation loss on investments for the year	-	-	-	-	-	(38,080)	(38,080)
Total comprehensive loss for the year	10,450	(10,880)	(567)	5,034	595	(43,352)	(38,720)
Balance at 31 December 2022	240,122	408,197	55,822	35,259	6,341	82,526	828,267
Transfers between Funds	-	55,822	(55,822)	-	-	-	-
Transfers from Investment revaluation reserve on sale of investments	931	817	-	137	24	(1,909)	-
Net Deficit for the year	3,619	(48,139)	-	1,957	420	-	(42,143)
Other comprehensive income for the year							
Revaluation gain on investments for the year	-	-	-	-	-	37,467	37,467
Total comprehensive loss for the year	4,550	8,500	(55,822)	2,094	444	35,558	(4,676)
Balance at 31 December 2023	244,672	416,697	-	37,353	6,785	118,084	823,591

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the year ended 31 December 2023

		2023	2022
	Note	\$'000	\$'000
Cash flows from operating activities			
Donations and bequests		20,264	26,684
General income		8,004	7,147
Receipts from granting bodies		123,539	97,847
Payments to suppliers and employees		(211,104)	(169,384)
Royalty receipts		1,651	29,069
Investment income received		28,317	36,562
Interest and bill discounts received		508	178
Net cash (used in)/from operating activities	15.2	(28,821)	28,103
Cash flows from investing activities			
Payment for other financial assets		(68,616)	(103,720)
Proceeds on sale of other financial assets		33,201	169,311
Payments for investments in associates		(1,500)	(400)
Grants and donations for property, plant and equipment		669	2,542
Payment for property, plant and equipment		(15,146)	(15,266)
Net cash (used in)/from investing activities		(51,392)	52,467
Cash flows from financing activities			
Donations and bequests to permanent invested funds		161	1,620
Other financing activities		(2,230)	-
Net cash (used in)/from financing activities		(2,069)	1,620
Net (decrease)/increase in cash and cash equivalents		(82,282)	82,190
Cash and cash equivalents at the beginning of the year		165,332	76,751
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,010	6,391
Cash and cash equivalents at the end of the year	15.1	84,060	165,332

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements for the year ended 31 December 2023

1. General information

The consolidated financial statements of The Walter and Eliza Hall Institute of Medical Research (WEHI, the parent) and its subsidiaries (referred collectively as 'the Group' throughout this report) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 14 March 2024.

WEHI is incorporated in Victoria as a company limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the company. At 31 December 2023, the number of members was 229 (2022: 229).

The registered office of WEHI and its principal place of business is:

1G Royal Parade
Parkville, Victoria, 3052

1.1 Basis of preparation

The general-purpose financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, Australian Accounting Standards, and Interpretations of the Australian Accounting Standards Board (AASB). WEHI is a registered charity with the Australian Charities and Not-for-Profit Commission which holds deductible gift recipient status and is exempt from income tax. Material accounting policies adopted in the preparation of the consolidated financial statements are presented in the notes and have been consistently applied unless stated otherwise.

The consolidated financial statements have been prepared on a going concern basis using historical cost conventions, except for certain financial instruments, which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets. The Group discloses a working capital deficiency of \$8.3M (2022: surplus \$78M). The deficiency arises due to the timing of receipt and spend of funds received in advance from funders and donors recognised as deferred income. To maximise investment returns on funds to be spent in the future the Group may invest these funds in financial assets disclosed in Note 6 which are classified as non-current. These assets are liquid in nature and are managed to align the short and long term cash flow needs of the business.

The consolidated financial statements, except for the cash flow information, have been prepared using an accrual basis and are presented in Australian dollars, which is the company's functional and presentation currency. All values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

1.2 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of WEHI and all its subsidiaries. An entity, including a structured entity, is considered a subsidiary of the Group when it is determined that WEHI has control over the entity. Control exists when the Group is exposed, 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 Group assess power by examining existing rights that give WEHI the current ability to direct relevant activities of the entity. The effect of all transactions between the group are eliminated on consolidation.

1.3 Foreign currency translation

Foreign currency transactions are translated into the relevant functional currency at the exchange rate on the date of transaction. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the relevant spot rate. Any exchange differences are recognised in the profit and loss in the period they arise.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities classified at fair value through other comprehensive income are recognised in other comprehensive income.

1.4 Abbreviation and terminology used in the financial statements

Reference	Title
AASB	Australian Accounting Standards Board
ACNC	Australian Charities and Not-for-profits Commission
ATF	As trustee for
ECL	Expected credit loss
IFRS	International Financial Reporting Standards
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GST	Goods and services tax
JV	Joint venture
KMP	Key management personnel
LSL	Long service leave
NDDC	National Drug Discovery Centre
NHMRC	National Health and Medical Research Council
VCCC	Victorian Comprehensive Cancer Centre
WEHI	The Walter and Eliza Hall Institute of Medical Research

1.5 Accounting judgements, estimates and assumptions

In the application of WEHI's accounting policies, management may from time to time make judgements, estimates and assumptions about the carrying values of assets and liabilities that may not be readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgement.

Key areas in which management has exercised judgement include the calculation of the fair value of financial assets, the carrying value of employee benefits, the carrying value of provisions for net commercial income distribution and revenue recognition assessment (refer to respective notes).

1.6 Impact of new and amended standards adopted

There were no new accounting standards or interpretations adopted in 2023 that had a significant effect on the Group.

1.7 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by WEHI. These standards, amendments or interpretations are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

Standard	Adoption Date	Impact
AASB 2022-5: Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback	Reporting periods on or after 1 January 2024	Adoption of this standard is not expected to have a material impact.

1.8 Goods and services

Revenues, expenses and assets are recognised net of the amount of 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.

2. Operating revenue

WEHI is an innovative medical research institute that engages and enriches society and improves health outcomes through discovery, translation and education. WEHI is predominantly funded by grant funding, bequests, and donations. WEHI also derives income from royalties, investments and sales of goods and services.

Key judgements and estimates	Description
Identifying performance obligations	WEHI applies significant judgement when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring WEHI to recognise revenue as or when the institute transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the profit and loss statement.
Determining timing of revenue recognition	WEHI applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	WEHI applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the institute's progress as this is deemed to be the most accurate reflection of the stage of completion.

2.1 Fundraising and grant income

	2023 \$'000	2022 \$'000
Fundraising and grant income		
NHRMC fellowships, scholarships and other grants	45,365	41,499
Industrial grants	20,732	17,588
Philanthropic grants and fellowships	21,993	16,517
Other government grants	21,399	25,410
Donations and bequests	20,958	31,949
	130,447	132,963

Recognition and measurement

Research grants, Infrastructure grants, donations and bequests

Fundraising and grant income where there is an enforceable contract with sufficiently specific performance obligations are recognised in accordance with AASB 15: *Revenue from Contracts with Customers* where income is recognised when (or as) the performance obligations are satisfied.

As per AASB 1058: *Income of Not-for-Profit Entities*, where the contract is not enforceable and/or does not have sufficiently specific performance obligations, WEHI recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138). Income is recognised as the difference between the initial carrying amount of the asset and the related amount received.

Capital grants – Buildings and Equipment

For capital grants received under an enforceable agreement where it includes a transfer to enable WEHI to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by WEHI when completed, WEHI recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer. As the capital grants received by WEHI are primarily for buildings works and scientific equipment, WEHI recognises income as the building works are completed and as equipment is purchased/constructed (when it satisfies its obligations).

2.1.1 Unearned grants and fellowships

The following amounts relate to grants and fellowship income received in advance.

	2023 \$'000	2022 \$'000
Grants and fellowships already committed and applicable to future periods:		
Grants	74,999	58,598
Fellowships	764	958
Capital Grants	-	512
	75,763	60,068

Recognition and measurement

Unearned grants and fellowships include consideration received in advance from customers. WEHI performs an assessment to determine if the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*. When both these conditions are satisfied, WEHI recognises revenue when (or as) the performance obligations are satisfied. Any revenue related to the portion of the contract where the performance obligation is not yet met is deferred on the balance sheet as unearned grants and fellowships. The liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. In cases where WEHI receives grant funding to administer on behalf of a named researcher, and the agreement is tied to the named researcher, any unspent fund is recognised as financial liability under AASB 9.

2.2 Other income

	2023 \$'000	2022 \$'000
Other income		
Royalty income	611	2,434
General income	7,481	7,300
	8,092	9,734

Recognition and measurement

Royalty Income

Royalty income is recognised when there is an enforceable right to receive income.

General income

Revenue from sales of goods/services is recognised when control of the goods has been transferred to the customer or the service/performance obligation has been provided.

2.3 Investment income

	2023 \$'000	2022 \$'000
Investment income		
Dividends	17,186	21,364
Franking credits	4,584	6,271
Interest	11,451	8,105
	33,221	35,740

Recognition and measurement

Investment income is recognised when there is an enforceable right to receive the income.

3. Operating expenses

This section provides an account of the expenses incurred by WEHI in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are disclosed.

Key judgements and estimates	Description						
Classifying employee benefit liabilities	<p>Employee benefit liabilities are classified as a current liability if WEHI does not have an unconditional right to defer payment beyond 12 months. Annual leave, leave loading and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if WEHI has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>						
Measuring employee benefit liabilities	<p>WEHI applies significant judgement when measuring its employee benefit liabilities.</p> <p>WEHI applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the institute does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value after determining whether a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>						
Measuring depreciation	<p>All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life. The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.</p> <table> <tr> <td>Buildings</td><td>20 - 40 years</td></tr> <tr> <td>Plant and equipment</td><td>3 - 20 years</td></tr> <tr> <td>Furniture and fittings</td><td>5 - 20 years</td></tr> </table>	Buildings	20 - 40 years	Plant and equipment	3 - 20 years	Furniture and fittings	5 - 20 years
Buildings	20 - 40 years						
Plant and equipment	3 - 20 years						
Furniture and fittings	5 - 20 years						
Measuring amortisation	<p>Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. Right-of-use assets are amortised over the lease term or useful life of the underlying asset, whichever is the shortest.</p>						

3.1 Employee related expenses

	2023 \$'000	2022 \$'000
Salaries	105,817	95,921
Contributions to superannuation and pension schemes	14,800	13,927
Staff allowances	7,634	6,668
Other	7,545	3,190
Staff and student income distribution	2,023	1,875
	137,819	121,581

The number of employees at end of financial period (full time equivalents) are as follows:

Staff	933	898
Visiting scientists	7	12
	940	910

3.2 Other expenses

	2023 \$'000	2022 \$'000
The following items of expenses are included in operating (deficit)/surplus:		
Building operation costs	6,544	6,254
Administration expenses	9,227	7,300
IT services	3,696	3,824
Travel	3,552	2,555
Advertising and marketing	1,628	1,665
Assets written off	-	142
Depreciation	13,528	13,257
Amortisation	657	490
Allowance for expected credit loss	1,551	-

Recognition and measurement

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

4. Finance (costs)/income

	2023	2022
	\$'000	\$'000
Unwinding of discount on provision for distribution of net commercial income	(1,570)	5,630
Bank interest	508	165
Interest on term deposit	-	14
Lease interest	(108)	(94)
Bank charges and merchant fees	(76)	(66)
	(1,246)	5,649

Recognition and measurement

Bank interest and bank charges are recognised in the period in which they are incurred. Finance charges in respect of finance leases are recognised in accordance with AASB 16: Leases.

5. Trade and other receivables

	2023	2022
	\$'000	\$'000
Current		
Debtors	5,869	6,666
Accrued income	17,746	15,163
Franking credits receivable	7,457	2,873
Goods and Services Tax receivable	835	122
Loans receivable	2,051	-
	33,958	24,824
Allowance for expected credit losses	(1,551)	-
	32,407	24,824
Non-current		
Loans receivable	1,730	-
	1,730	-
	34,137	24,824

Movement in allowance for expected credit losses of contractual receivables

	2023	2022
	\$'000	\$'000
Balance at the beginning of the year	-	-
Increase in allowance recognised in net result	1,551	-
Balance at the end of the year	1,551	-

WEHI provided an allowance for expected credit loss of \$1,551,000 against loans receivable from Catalyst Therapeutics Pty Ltd. and Anaxis Pharma Pty Ltd.

Recognition and measurement

Trade and other receivables which are mostly contractual receivables, are classified as financial instruments and categorised as 'financial assets at amortised cost' are initially recorded at fair value. Debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. WEHI holds the contractual receivables with the objective to collect the contractual cash flows and are subsequently measured at amortised cost using the effective interest method, less any impairment.

A provision for expected credit loss (ECL) is recognised based on the difference between the contractual cash flows due from the contract and the cash flows that WEHI expects to receive. When a trade receivable for which a provision for expected credit loss has been recognised becomes uncollectible, it is written off against the provision. WEHI uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.

Statutory receivables, which includes Goods and Services Tax (GST) receivable and franking credits receivable do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. WEHI applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

6. Financial assets

	2023 \$'000	2022 \$'000
Investments in debt instruments classified as FVTOCI		
Corporate bonds	148,049	136,412
Government bonds	12,078	12,051
Investments in equity instruments designated as FVTOCI		
Domestic equities	231,448	217,743
International equities	127,257	81,328
Other investments classified as FVTPL		
Domestic managed funds	2,855	3,400
International managed funds	56,560	45,486
Hybrid instruments	66,518	69,472
	644,765	565,892
Investments in unlisted entities designated as FVTOCI		
Investments in unlisted entities	2,375	4,817
Total investments	647,140	570,709

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into levels 1 to 3 based on:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than those quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data.

	Level 1	Level 2	Level 3	31 December 2023 Total
Financial assets measured at fair value				
Quoted shares and managed funds	418,120	-	-	418,120
Floating rate securities	66,518	87,096	-	153,614
Fixed rate securities	-	73,031	-	73,031
Unquoted shares*	-	-	2,375	2,375
Total	484,638	160,127	2,375	647,140

*Unquoted shares are investments in unlisted entities held by WEHI. As at 31 December 2023 aggregate shares of equity are: Entact Bio, Inc. (US based company) 2.95% (2022: 2.95%) with a carrying value of \$1,980,000 (2022: \$4,817,000), Mermaid Bio GmbH, (German based company) 5% (2022: nil) with a carrying value of \$395,000 (2022: nil).

Recognition and measurement

Financial assets are initially measured at fair value.

WEHI may elect to classify irrevocably its investments as instruments designated at fair value through other comprehensive income (FVTOCI) when they satisfy the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument by instrument basis.

Investments in equity instruments are initially measured at fair value, and any changes to the fair value are recognised in other comprehensive income. Dividends are recognised in profit or loss in accordance with AASB 9 and are included within Investment Income.

WEHI elected to classify its debt instruments as FVTOCI, holding the investment with the intention to collect contractual cash flows and sell them. Changes to fair value are recognised in other comprehensive income, unless the change is due to foreign exchange, impairment and interest income, which are recognised in profit or loss. When the instrument is disposed, all gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets that do not meet the criteria for being measured at FVTOCI, such as hybrid instruments and managed funds, are measured at fair value through profit or loss (FVTPL).

7. Property, plant and equipment

	Buildings	Work in progress	Plant and equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 December 2022					
Cost	199,275	15,621	105,206	3,321	323,423
Accumulated depreciation	(67,956)	-	(59,604)	(2,161)	(129,721)
Net carrying amount	131,319	15,621	45,602	1,160	193,702
Cost					
At 1 January 2023	199,275	15,621	105,206	3,321	323,423
Additions	1,090	8,991	5,065	-	15,146
Transfers	2,448	(7,459)	5,125	(114)	-
Assets written off	-	-	-	-	-
Balance at 31 December 2023	202,813	17,153	115,396	3,207	338,569
Accumulated depreciation					
At 1 January 2023	(67,956)	-	(59,604)	(2,161)	(129,721)
Depreciation expense	(4,923)	-	(8,383)	(222)	(13,528)
Balance at 31 December 2023	(72,879)	-	(67,987)	(2,383)	(143,249)
Net carrying amount					
At 31 December 2023	129,934	17,153	47,409	824	195,320

7.1 Capital commitments

The following capital purchases are committed at reporting date.

	2023	2022
	\$'000	\$'000
Not longer than 1 year	5,332	4,175
After 1 year but not more than 5 years	676	525
	6,008	4,700

8. Right of use assets

	Buildings \$'000	Plant and equipment \$'000	Total \$'000
At 31 December 2022			
Cost	6,056	198	6,254
Accumulated depreciation	(1,173)	(83)	(1,256)
Net carrying amount	4,883	115	4,998
Cost			
At 1 January 2023	6,056	198	6,254
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2023	6,056	198	6,254
Accumulated depreciation			
At 1 January 2023	(1,173)	(83)	(1,256)
Depreciation expense	(637)	(20)	(657)
Balance at 31 December 2023	(1,810)	(103)	(1,913)
Net carrying amount			
At 31 December 2023	4,246	95	4,341

There were no additions to the right-of-use assets during the 2023 financial year (2022: \$2,856,000).

The statement of profit or loss shows the following amounts relating to leases:

	2023 \$'000	2022 \$'000
Depreciation		
Buildings	637	470
Equipment	20	20
Total depreciation	657	490
 Interest expense included in finance costs	 108	 94

Recognition and measurement

WEHI assesses whether a contract is or contains a lease at contract inception. WEHI recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, WEHI recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost and comprise of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. WEHI reviews right-of-use assets for impairment annually.

8.1 Lease liability future commitments

Future rent payable in relation to lease contracts at reporting date, are as follows:

	2023 \$'000	2022 \$'000
Not longer than 1 year	685	662
After 1 year but not more than 5 years	1,443	2,128
	2,128	2,790

9. Concessionary leases

WEHI holds lease arrangements which contain significantly below-market terms and conditions, that are principally to enable the institute to further its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement. The nature and terms of the lease, including any restrictions, is described below:

Lease	Description of underlying assets	Lease payments	Lease term	WEHI's dependence on leases to further its objectives	Restrictions on the use of the underlying assets specific to WEHI
Parkville crown land (main lease)	The sub-lease is made on 23 Nov 2011 between the State of Victoria (Head landlord), Melbourne Health (Landlord) and WEHI (Tenant). This sub-lease covers the following areas at Parkville: WEHI1, WEHI2, WEHI forecourt and part of the Early Learning and Childcare Centre.	\$104 per annum, payable on demand	99 years	The lease provides the land on which WEHI1, WEHI 2 and part of the Early Learning and Childcare Centre were built to perform medical research and for early childcare and education, respectively.	WEHI may utilise the land for health related purposes, including academic research, medical research, laboratory operations, clinical services, associated retail and commercial uses, car-parking and any other use which is consistent with the reservation of the land.
Parkville short term lease (Early Learning and Child Care Centre)*	The sub-lease is made on 29 June 2018 between Melbourne Health (Landlord) and WEHI (Tenant). The lease covers part of the Early Learning and Childcare Centre (namely, the remaining part of the Centre not covered by the Parkville main lease).	\$104 per annum, payable on demand	21 years	WEHI's leasehold tenure to the remaining part of the Early Learning and Child Care Centre (not covered by the Parkville main lease) is dependent on this lease. This centre was constructed to address one of the most significant barriers to an ongoing career and advancement at WEHI, being access to adequate childcare.	WEHI may utilise the land for health-related purposes, including academic research, medical research, laboratory operations, clinical services, associated retail and commercial uses, car-parking and any other use, including childcare and education services, which is consistent with the reservation of the land.
Bundoora*	La Trobe University (Landlord) commenced the lease on 31 March 2000 for the former Rio Tinto Building at La Trobe University Campus, Bundoora to WEHI (Tenant).	\$6.25M – paid upfront	99 years	The lease provides the premises for medical research facilities for the Bundoora campus.	Assignment, sublease, mortgage or license is not permitted without La Trobe University's consent.
Ward 8 East RMH	Melbourne Health (Landlord) commenced the lease on 16 May 2021 for the areas located on Level 8, east of the main block of The Royal Melbourne Hospital, to WEHI (Tenant).	\$1 per annum, payable on demand	5 years, with an option for one further term of 5 years	The lease provides the area on which WEHI is located to perform medical research in conjunction with the Hospital.	Assignment, sublease, mortgage or license is not permitted without Melbourne Health's consent.
Ward 7 north RMH	Melbourne Health (Landlord) commenced the lease on 10 June 2011 for the premises on the plan known as "Ward 7 North" of The Royal Melbourne Hospital to WEHI (Tenant). The rent is payable on demand.	\$1 per annum, payable on demand	21 years	The lease provides the area on which WEHI is located to perform medical research in conjunction with the Hospital.	Assignment, sublease, mortgage or license is not permitted without Melbourne Health's consent.

*The above concessionary leases are subject to sub-lease arrangements with third parties.

Recognition and measurement

WEHI recognises assets arising from concessionary leases at cost.

10. Trade and other payables

	2023 \$'000	2022 \$'000
Trade creditors	17,822	18,445
Accrued expenses	4,203	6,825
	22,025	25,270

Recognition and measurement

Trade and other payables represent amounts reflected at notional amounts owed to suppliers for goods and services provided to WEHI prior to the end of the financial year that are unpaid. These payables are classified as financial instruments and measured at amortised cost. Trade and other payables are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

11. Provisions

	2023 \$'000	2022 \$'000
Current		
Provision for employee benefits	24,830	22,984
Provision for net commercial income distribution	3,971	4,462
	28,801	27,446
Non current		
Provision for employee benefits	2,678	2,294
Provision for net commercial income distribution	20,320	22,240
	22,998	24,534
	51,799	51,980

Included in current employee provisions are \$12,472,000 (2022: \$10,970,000) of long service leave for which a current entitlement exists.

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that WEHI is required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

12. Superannuation commitments

	2023 \$'000	2022 \$'000
The total superannuation contributions by WEHI during the period in respect to the above plans were:		
UniSuper – Defined Benefit Division	1,324	1,346
UniSuper – Accumulation Super (2)	284	288
UniSuper – Accumulation Super (1)	11,083	9,763
Other superannuation funds	3,037	2,530
	15,728	13,927

12.1 Institute employees are members of a range of superannuation funds, which are divided into the following categories:

Those operative and open to membership by new employees:

UniSuper – Accumulation Super (1)

Other superannuation funds chosen by employees

Those closed to future membership by Institute employees:

Unisuper – Defined Benefit Division

Unisuper – Accumulation Super (2)

12.2 UniSuper plans

UniSuper is a multi employer superannuation fund operated by UniSuper Limited as the corporate trustee and administrated by UniSuper Management Pty Ltd, a wholly owned subsidiary of UniSuper Limited. The operations of UniSuper are regulated by the Superannuation Industry (Supervision) Act 1993.

- The UniSuper schemes known as the Defined Benefit Division or Accumulation Super (2) were only available to contributing members of the Walter and Eliza Hall Institute of Medical Research Superannuation Fund (1979) which closed in 2003.
- The maximum contribution rate to the schemes is 25.25% of member's salary of which the member contributes 8.25% before tax and WEHI 17%.
- UniSuper has advised that the Accumulation Super (2) and Defined Benefit Division plans are defined as multi-employer defined contribution schemes in accordance with AASB 119 Employee Benefits. AASB 119 Employee Benefits states that this is appropriate for a defined benefit plan where the employer does not have access to the information required and there is no reliable basis for allocating the benefits, liabilities, assets and costs between employers.
- The number of members of the Walter and Eliza Hall Institute of Medical Research Superannuation Fund (1979) who became members of the UniSuper – Defined Benefit Division when the fund closed in 2003 was 204. The number of Institute employees who are members of the Defined Benefit Division as at 31 December 2023 was 50 (2022: 56).
- New employees who commenced after 1 July 2003 currently have a minimum contribution of 11% of their annual salary contributed by WEHI to Accumulation Super (1) or to a fund of their choice prescribed under the Superannuation Guarantee Charge Act (1992).

13. Other liabilities

	2023	2022
	\$'000	\$'000
Current		
Staff salary packaging deposits	350	280
Lease liabilities	605	602
	955	882
Non current		
Lease liabilities	1,378	1,935
	1,378	1,935
	2,333	2,817

Recognition and measurement

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if WEHI is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects WEHI exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Refer to note 8 Right of use assets (ROU) for accounting policy on lease liabilities balances and for future lease commitments.

14. Capital funds

The net deficit for the financial period is \$42,143,000 (2022: deficit \$640,000)

	2023	2022
	\$'000	\$'000
This has been appropriated as follows:		
Transfer to Permanent Invested Fund	3,619	1,775
Transfer (from) General Fund	(48,139)	(3,956)
Transfer (from) Royalty Fund	-	(567)
Transfer to Leadership Fund	1,957	1,766
Transfer to Discovery Fund	420	342
	(42,143)	(640)

14.1 Permanent funds

Permanent Invested Funds originate from donations and bequests, the income from which is applied as stipulated by the donor, or to general research where there is no specific stipulation. These donations and bequests are appropriated to Capital Funds.

	2023	2022
	\$'000	\$'000
Balance at beginning of period	240,122	229,672
Transfers between Funds	-	8,675
Transfers from Investment revaluation reserve on sale of investment	931	-
Net surplus for the year	3,619	1,775
	244,672	240,122

14.2 General funds

General Funds consist of the net accumulation of surpluses and deficits of prior years.

	2023	2022
	\$'000	\$'000
Balance at beginning of period	408,197	419,077
Transfers between Funds	55,822	(16,034)
Transfers from Investment revaluation reserve on sale of investment	817	9,110
Net deficit for the year	(48,139)	(3,956)
	416,697	408,197

14.3 Royalty fund

The Royalty Fund consists of the balance of royalties received in respect of patented inventions and not expended. Royalty fund was initially set up to fund commercialisation activities. However, these activities have for some time been funded via General funds. The fund balance of \$55.8M was consolidated with General Funds this year.

	2023	2022
	\$'000	\$'000
Balance at beginning of period	55,822	56,389
Transfers between Funds	(55,822)	-
Net deficit for the year	-	(567)
	-	55,822

14.4 Leadership fund

The Leadership Fund consists of donations and income earned thereon. The Leadership Fund was established in honour of Professors Gustav Nossal, Donald Metcalf, Jacques Miller and Suzanne Cory to provide named fellowships to nurture the development of outstanding young scientists with the potential to be future leaders of biomedical research.

	2023	2022
	\$'000	\$'000
Balance at beginning of period	35,259	30,225
Transfers between Funds	-	3,268
Transfers from Investment revaluation reserve on sale of investment	137	-
Net surplus for the year	1,957	1,766
	37,353	35,259

14.5 Discovery fund

The Discovery Fund consists of donations and income earned thereon, less funds spent on research to date. The Fund was established by WEHI to support specialist research and will be applied based on the merits of submissions to WEHI Director. There are three areas of focus: early drug discovery, blue sky basic biological research and technical innovation.

	2023	2022
	\$'000	\$'000
Balance at beginning of period	6,341	5,746
Transfers between Funds	-	253
Transfers from Investment revaluation reserve on sale of investment	24	-
Net surplus for the year	420	342
	6,785	6,341

14.6 Investment revaluation reserve

The Investment Revaluation Reserve consists of gains and losses recognised through movement in the fair value of investments and other financial assets.

	2023	2022
	\$'000	\$'000
Balance at beginning of period	82,526	125,878
Transfers between Funds	-	3,838
Transfers to General, Permanent and Discovery Funds on sale of investments	(1,909)	(9,110)
Revaluation gain/(loss) on investments for the year	37,467	(38,080)
	118,084	82,526
Total capital funds	823,591	828,267

15. Notes to statement of cash flows

15.1 Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank, monies held at trust (salary packaging bank account for staff) and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2023 \$'000	2022 \$'000
Cash	23,821	27,801
Deposits at call	60,239	137,531
	84,060	165,332
Represented by:		
Cash held at bank	83,710	165,052
Cash balances not available for use		
Monies Held in Trust - Staff Salary Packaging Deposits	350	280
	84,060	165,332

15.2 Reconciliation of net surplus to net cash flows from operating activities

	2023 \$'000	2022 \$'000
Net Deficit	(42,143)	(640)
Depreciation and amortisation	14,185	13,746
Assets written off	-	142
Donations and bequests moved to Permanent funds	(161)	(1,620)
Fair value adjustment for investments (FVTPL)	(3,501)	8,432
Dividend reinvestment plans	(22)	(3,246)
Grants and donations for capital works	(669)	(2,542)
Foreign exchange gain	(1,010)	(6,390)
Shares received as donations	(26)	(2,723)
Gain on merger	-	(4,068)
Share of profits of equity accounted investments	(457)	(2,011)
	(33,804)	(920)
Changes in net assets and liabilities:		
Trade and other receivables	(4,988)	23,336
Prepayments	(1,219)	(392)
Trade and other payables	(3,840)	8,902
Current provisions	1,355	(116)
Unearned grants and fellowships	15,695	3,930
Other liabilities	(484)	2,537
Non-current provisions	(1,536)	(9,174)
Net cash from operating activities	(28,821)	28,103

15.3 Non-cash financing and investing activities

During the financial period, dividends of \$22,403 (2022: \$3,245,775) were reinvested as part of dividend and distribution reinvestment plans.

16. Segment information

WEHI is a medical research organisation focussed on the nationally and globally significant areas of health being Cancer Research and Treatments, Healthy Development and Ageing, Infection, Inflammation and Immunity, Computational Biology and New Medicines and Advanced Technologies. All operations are predominantly in Australia.

17. Subsidiaries

WEHI's interest in the controlled entities are detailed below. These entities amounts are included in the consolidated financial statements under their respective categories.

The Consolidated financial statements of the Group include:

Name	Country of incorporation	% equity interest	
		2023	2022
Nelcanen Therapeutics Pty Ltd. ⁽¹⁾	Australia	100%	100%
Proxima Bio Pty Ltd. ⁽²⁾	Australia	100%	0%
WEHI Ventures Pty Ltd. atf 66ten Unit Trust ⁽³⁾	Australia	100%	0%

1. Control exists via WEHI being the sole member of Nelcanen Therapeutics Pty Ltd. since 31 May 2022.
2. Control exists via WEHI being the sole member of Proxima Bio Pty Ltd. since 14 April 2023.
3. Control exists via WEHI being the sole beneficiary of WEHI Ventures Pty Ltd. atf 66ten Unit Trust since 1 June 2023.

Summarised financial information for subsidiaries

	Nelcanen Therapeutics Pty Ltd.	Proxima Bio Pty Ltd.	WEHI Ventures Pty Ltd. atf 66ten Unit Trust
	\$'000	\$'000	\$'000
Assets			
Total Bank	-	322	-
Total Current Assets	-	-	220
Non-current Assets	-	-	-
Total Assets	-	322	220
Liabilities			
Current Liabilities	-	322	641
Non-current Liabilities	-	-	-
Total Liabilities	-	322	641
Net Assets	-	-	(421)
Equity	-	-	-
Loss for the period	-	-	(421)
Total Equity	-	-	(421)

Recognition and measurement

The consolidated financial statements of the Group comprise the financial statements of WEHI and all its subsidiaries. An entity, including a structured entity, is considered a subsidiary of the Group when it is determined that WEHI has control over the entity. Control exists when the Group is exposed, 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 Group assess power by examining existing rights that give WEHI the current ability to direct relevant activities of the entity. The effect of all transactions between the group are eliminated on consolidation.

18. Investments in associates and joint ventures

	Carrying value		Gain on merger		Share of profits/ (losses) of equity accounted investments		% of ownership interest		Measurement method
	2023	2022	2023	2022	2023	2022	2023	2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	
Jumar Biocubator Limited ⁽¹⁾	7,763	6,462	-	-	1,301	6,462	33.3%	33.3%	Equity
Catalyst Therapeutics Pty Ltd ⁽²⁾	-	-	-	-	-	(5,482)	39.9%	49.0%	Equity
Victorian Comprehensive Cancer Centre Limited (VCCC) ⁽³⁾	-	844	-	-	(844)	348	10.0%	10.0%	Joint Control until 31/10/23
Accrue Therapeutics Pty Ltd ⁽⁴⁾	-	-	-	4,068	-	683	0.0%	0.0%	Equity
	7,763	7,306	-	4,068	457	2,011			

(1) Jumar Biocubator Limited (formerly Biotech Incubator Limited)

WEHI, CSL and the University of Melbourne have come together to create a start-up incubator to support and grow early-stage Australian biotech companies. The incubator was opened in 2023 and is able to accommodate up to 40 early-stage companies from around Australia. WEHI has contributed funding along with its partners, in addition to funding from the Victorian Government's new landmark Breakthrough Victoria Fund.

(2) Catalyst Therapeutics Pty Ltd (Catalyst) is a joint venture between WEHI and SYNthesis Research Pty Ltd. Catalyst facilitates and accelerates the commercialisation of small molecule drug discoveries originating at the Institute. Catalyst owns 100% of equity in Anaxis Pharma Pty Ltd, an Australian Biotech company developing novel inhibitors / modulators of cell death, specifically necroptosis, an inflammatory form of programmed cell death. In early 2023 Catalyst raised further capital which diluted WEHI's shareholding down to 39.9%. The carrying value of Catalyst was written down to nil due to the entity being in net liabilities position. The carrying value was maintained at nil in FY23.

(3) WEHI is a Member of the Victorian Comprehensive Cancer Centre Joint Venture (the VCCC) and until October 2023, WEHI held joint control over the arrangement, which was classified as a Joint Operation. The vision for the VCCC is to save lives through the integration of cancer research, education and patient care. Through innovation and collaboration, the VCCC will drive the next generation of improvements in prevention, detection and cancer treatment. This vision will further the objectives of WEHI. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

In October 2023, the VCCC enacted governance changes which resulted in WEHI no longer having joint control and as a result it is no longer able to carry any joint controlling interests. WEHI has derecognised their share of the asset and liabilities of the VCCC and the impact of this has been included in the share of profits from investments disclosed in note 18 within the consolidated statement of profit and loss.

(4) WEHI acquired a 31.6% interest in Accrue Therapeutics Pty Ltd (Accrue) in May 2022 for cash consideration of \$400,000 and intellectual property contribution valued at \$1,500,000. Accrue merged with Entact Bio, Inc. in November 2022 and a gain on merger of \$4,068,000 has been recognised in share of profit/(loss) of equity accounted investments in financial year 2022. WEHI holds a 2.95% share in Entact Bio, Inc. (refer note 6) and does not hold any interests in Accrue as at 31 December 2023.

The table below provides summarised financial information for those associates and joint control entities that are material to WEHI. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint control entities and not WEHI's share of those amounts. They have been amended to reflect adjustments made by the company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised financial information for associates and joint control

	Jumar Bioincubator Limited		Catalyst Therapeutics Pty Ltd		VCCC Limited	
Summarised balance sheet	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	30 Jun 23	30 Jun 22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Total Bank	4,186	2,921	2,057	410	-	4,153
Total Current Assets	32	6	-	-	-	5,468
Non-current Assets	26,835	19,352	172	2	-	441
Total Assets	31,053	22,279	2,229	412	-	10,062
Liabilities						
Current Liabilities	574	413	2,051	7,158	-	1,426
Non-current Liabilities	7,191	2,480	-	-	-	198
Total Liabilities	7,765	2,893	2,051	7,158	-	1,624
Net Assets	23,288	19,386	178	(6,746)	-	8,438
Equity	23,288	19,386	178	(6,746)	-	8,438
Total Equity	23,288	19,386	178	(6,746)	-	8,438
Reconciliation to carrying amounts						
Opening net assets 1 January	19,386	-	(6,746)	2,082	-	4,964
Profit/(Loss) for the period	3,902	19,386	(4,795)	(8,828)	-	3,474
Additional share capital	-	-	11,719	-	-	-
Closing net assets	23,288	19,386	178	(6,746)	-	8,438

Recognition and measurement

Associates are entities which WEHI has significant influence but do not control or has joint control. This is generally the case where WEHI holds between 20% and 50% of the voting rights. WEHI's investments in associates are accounted for using the equity method of accounting. The investments are initially recognised at cost and adjusted thereafter to recognise WEHI's share of the post-acquisition profits or losses of the associate in profit or loss, and WEHI's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where WEHI's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, WEHI does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of equity-accounted associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

19. Related parties

Related parties of WEHI include all key management personnel (KMP) and their close family members; controlled entities; entities with significant influence and jointly controlled operations. KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of WEHI, directly or indirectly. The Board of Directors and the Directors of WEHI and its controlled entities are deemed to be KMPs.

19.1 Transactions with subsidiaries

The following transactions with subsidiaries were eliminated on consolidation.

WEHI received fees for services of \$250,000 (2022: 250,000) during the year from Nelcanen Pty Ltd.

WEHI received fees for services of \$250,533 (2022: nil) during the year from Proxima Bio Pty Ltd.

WEHI provided funding of \$250,533 (2022: nil) during the year to Proxima Bio Pty Ltd.

WEHI received fees for services of \$421,431 (2022: nil) from WEHI Ventures Pty Ltd. atf 66ten Unit Trust.

19.2 Transactions with associates and joint ventures

WEHI provided a Fit Out loan of \$2,230,170 (2022: nil) during the year to Jumar Bioincubator Limited.

WEHI received fees for services rendered on normal commercial terms of \$1,550,539 (2022: \$2,266,108) from Catalyst Therapeutics Pty Ltd. and Anaxis Pharma Pty Ltd.

WEHI provided a loan facility of \$1,550,539 during the year to Catalyst Therapeutics Pty Ltd and Anaxis Pharma Pty Ltd. of which WEHI recognised provision for expected credit losses relating to the full amount of the loan.

WEHI made capital contributions of \$1,500,000 (2022: nil) during the year to Catalyst Therapeutics Pty Ltd. and Anaxis Pharma Pty Ltd.

WEHI made membership contributions to the Victorian Comprehensive Cancer Centre (VCCC) totalling \$181,961 (2022: \$168,671).

WEHI also received fees from the VCCC for collaborator initiatives undertaken during the year of \$337,499 (2022: \$584,650).

19.3 Transactions with directors and director-related entities

During the year various Directors and Director-related entities made donations to WEHI totalling \$226,050 (2022: \$161,500).

19.4 Compensation for key management personnel

The aggregate compensation of the key management personnel of WEHI is set out below:

	2023	2022
	\$'000	\$'000
a) Short-term employee benefits	2,169	2,249
b) Post-employment benefits	304	338
c) Other long-term employee benefits	170	-
d) Termination benefits	613	-
	3,256	2,587

19.4.1 Directors' remuneration

The Board of Directors of the Walter and Eliza Hall Institute of Medical Research during the period were:

MW Broomhead	J Gunn	ME McDonald	JS Hemstritch
P Connolly	C Kilpatrick	JS Savill	K Wong
J Dyson	G Roberts	Angeli Weller	C Viney
RH Wylie (resigned 18 May 2023)			
J McCluskey (completed term 18 May 2023)			
D Maskell (appointed 18 May 2023)			

The aggregate income paid or payable, or otherwise made available, in respect of the financial period, to all directors of WEHI, directly or indirectly, by WEHI or by any related party was nil (2022: nil).

Aggregate retirement benefits paid to all directors of WEHI, by WEHI or by any related party was nil (2022: nil).

20. Auditor's remuneration

	2023	2022
	\$'000	\$'000
Audit of the financial statements	80	77
Other regulatory audit services	8	4
	88	81

21. Economic dependency

WEHI is reliant upon grants from the Australian Government National Health and Medical Research Council for 20.7% of operating expenditure (2022: 22.4%) and the Victorian Government Department of Health, Department of State Development, Business and Innovation for 4.0% of operating expenditure (2022: 4.8%) for support of its basic research activities.

22. Financial risk management

22.1 Capital risk management

WEHI manages its capital to ensure it will be able to continue as a going concern whilst maximising its return on investments within the risk profile maintained by WEHI. The capital structure consists of Permanent Funds, General Funds, Leadership Fund, Discovery Fund and Investment revaluation reserves.

22.2 Financial risk management

WEHI minimises financial risk through the charter given to the investment sub-committee. In line with this charter, WEHI invests short term funds in an appropriate combination of fixed and floating instruments.

22.3 Interest rate risk management

WEHI is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The majority of financial assets in this class are bank accounts, bank bills and fixed interest securities with varying interest rates.

22.4 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 25 basis point variation was used as the minimum point and 100 basis point variation as the maximum point. This is consistent with the management's view of interest rate sensitivity. A change in interest rates would impact net results as follows:

Interest rate risk	Minimum 25bp (+/-)		Maximum 100bp (+/-)	
	Dec 23 000's	Dec 22 000's	Dec 23 000's	Dec 22 000's
Effect on surplus - rate decrease	(580)	(801)	(2,320)	(3,204)
Effect on surplus - rate increase	580	801	2,320	3,204

22.5 Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5% higher or lower:

- net surplus for the year ended 31 December 2023 would have been unaffected as the equity investments are classified as not held for trading and the fair value through other comprehensive income (FVTOCI) election has been made under AASB 9.
- investment revaluation reserve would increase or decrease by \$17.9 million (2022: \$14.9 million) mainly as a result of the changes in fair value of these equity investments.

WEHI's sensitivity to equity prices has not changed significantly from the prior year.

22.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to WEHI. WEHI has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. WEHI's exposure is continuously monitored and reviewed. Trade receivables consist of a large number of customers including granting bodies. WEHI does not have a significant credit exposure to any single party or any group of counter parties having similar characteristics. The carrying amount of financial assets recorded in the financial statements represents WEHI's maximum exposure to credit risk.

22.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate risk management framework for the management of WEHI's short, medium and long-term funding and liquidity management. WEHI manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets. Given the current surplus cash assets, once unearned grants and fellowships is excluded, liquidity risk is minimal. The contractual maturity for its non-interest-bearing financial liabilities is \$12.9 million payable within 3 months of 31 December 2023 (2022: \$12.9 million).

22.8 Fair value

The carrying amount of WEHI's financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

22.9 Interest rate risk

The following table details WEHI's exposure to interest rate risk as at 31 December 2023 and 31 December 2022

	Average interest rate	Variable interest rate	Fixed Less than 1 year	Fixed 1 to 5 years	Fixed More than 5 years	Non- Interest Bearing	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2023							
Financial assets							
Cash and cash equivalents	3.68%	84,060	-	-	-	-	84,060
Trade and other receivables		-	-	-	-	34,137	34,137
Equity investments		-	-	-	-	358,705	358,705
Managed funds		-	-	-	-	59,415	59,415
Floating rate securities	6.98%	-	22,413	65,219	68,438	-	156,070
Fixed rate securities	4.71%	-	10,519	33,484	26,572	-	70,575
Unlisted shares		-	-	-	-	2,375	2,375
		84,060	32,932	98,703	95,010	454,632	765,337
Financial liabilities							
Trade and other payables		-	-	-	-	22,025	22,025
Other liabilities		-	-	-	-	350	350
Lease liabilities	4.85%	-	605	1,378	-	-	1,983
Unearned grants and fellowships		-	-	-	-	75,763	75,763
		-	605	1,378	-	98,138	100,121
31 December 2022							
Financial assets							
Cash and cash equivalents (excluding Term Deposits)	1.38%	165,332	-	-	-	-	165,332
Trade and other receivables		-	-	-	-	24,824	24,824
Equity investments		-	-	-	-	299,072	299,072
Managed funds		-	-	-	-	48,886	48,886
Floating rate securities	5.54%	-	8,250	84,384	62,457	-	155,091
Fixed rate securities	6.07%	-	6,508	39,898	16,437	-	62,843
Unlisted shares		-	-	-	-	4,817	4,817
		165,332	14,758	124,282	78,894	377,599	760,865
Financial liabilities							
Trade and other payables		-	-	-	-	25,270	25,270
Other liabilities		-	-	-	-	280	280
Lease liabilities	4.85%	-	602	1,935	-	-	2,537
Unearned grants and fellowships		-	-	-	-	60,068	60,068
		-	602	1,935	-	85,618	88,155

23. Contingent liability

WEHI is defending a breach of contract claim in the United States District Court for the Southern District of New York, the outcome of which is not expected this year.

Separately, other legal claims and exposures may arise from the ordinary course of business. There is significant uncertainty as to whether such future liability may arise, or the amount of any such liability.

24. Events after the reporting period

The directors are not aware of any other matter or circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of WEHI, results of those operations or the state of affairs of WEHI in subsequent financial years.

25. Parent entity information

The parent entity financial information shown below has been prepared using accounting policies consistent with those applied in the consolidated financial statements.

Financial position

	2023 \$'000	2022 \$'000
Assets		
Current Assets	121,901	193,717
Non-current Assets	854,564	776,715
Total Assets	976,465	970,432
Liabilities		
Current Liabilities	128,498	115,696
Non-current Liabilities	24,376	26,469
Total Liabilities	152,874	142,165
Net Assets	823,591	828,267
Funds	705,507	745,741
Reserves	118,084	82,526
Total Equity	823,591	828,267

Financial performance for the year ended

	2023 \$'000	2022 \$'000
Net Deficit for the period	(42,143)	(640)
Other comprehensive income (loss)	37,467	(38,080)
Total comprehensive loss for the year	(4,676)	(38,720)

Governance statement

WEHI is a Public Company Limited by Guarantee registered with the ACNC. WEHI abides by the ACNC Governance Standards.

Ultimate responsibility for the governance of WEHI rests with the Board of Directors. This Governance Statement outlines how the Board meets this responsibility.

Achieving the purpose

- The Board's primary role is to ensure that WEHI's activities are directed towards its purpose under its Constitution. The Board ensures that this is achieved in the most efficient and effective way.

Specific Responsibilities of the Board

- The Board fulfils its primary role by:
- selecting, appointing, guiding and monitoring the performance of WEHI's Director;
- approving WEHI's strategic plan developed in conjunction with the WEHI Director, staff and students;
- approving operating and capital budgets proposed by the WEHI Director with the support of Management;
- monitoring Management's adherence to operating and capital budgets;
- monitoring Management's progress in achieving the Strategic Plan;
- ensuring the integrity of internal control, risk management and management information systems;
- ensuring members receive the annual report and financial statements;
- ensuring WEHI complies with relevant legislation and regulations; and
- acting as an advocate for the WEHI whenever and wherever possible.

Management's Responsibility

WEHI's day-to-day operations and administration are the responsibility of the WEHI Director.

Board Oversight

The Board oversees and monitors Management's performance by:

- meeting at least four times during the year;
- receiving detailed financial and other reports from management at these meetings;
- receiving additional information and input from management when necessary; and
- assigning to the various Committees of the Board responsibility to oversee aspects of the WEHI's operations and administration. Each Board Committee operates under a Charter approved by the Board. These are reviewed and updated as necessary.

Board Members

All Board Members are Non-Executive Directors and receive no remuneration for their services.

Appointments to the Board are made to ensure the Board has the right mix of skills and expertise. One Board Member is appointed by the Trustees of the Walter and Eliza Hall Trust and two Board Members are appointed by The University of Melbourne and two by The Royal Melbourne Hospital (Melbourne Health) and up to a further 13 by the Board.

The Company's Constitution specifies:

- there must be no less than 12 and no more than 18 Directors;
- Directors are appointed for a maximum of four terms of three years each, after which Directors may be reappointed annually with the unanimous agreement of all other Board Members; and
- the President and Vice President may hold office for an additional period or periods not exceeding six years.

Board and Committee Members receive information on the terms and conditions of their appointment. Board and Committee Members' knowledge of the business is maintained by scientific presentations, management presentations and visits to WEHI sites.

The performance of individual Board and Committee Members and the Board and Board Committees is assessed regularly.

Risk Management

The Board oversees WEHI's risk management system, which is designed to protect the Organisation's reputation and manage Enterprise Risks.

Management is responsible for establishing and implementing the risk management system, which assesses, monitors and manages Enterprise and operational risks. This activity is overseen by the Risk Management Committee.

The Audit, Risk and Compliance Committee is responsible for monitoring the effectiveness of the risk management system between annual reviews.

Ethical Standards

Board Members, Senior Executives and staff are expected to comply with relevant laws and the codes of conduct of relevant professional and research bodies and to act consistent with WEHI's Acceptable Workplace Behaviour Framework, which includes WEHI's Code of Conduct and Values.

Involving Stakeholders

WEHI has many stakeholders, including our donors and benefactors, our staff and students, the broader community, the government agencies that provide us funds and regulate our operations, and our suppliers.

We adopt a consultative approach in dealing with our stakeholders. We get involved in industry forums to ensure governments at all levels are aware of our concerns and achievements and remain abreast of industry developments.

Indemnification and Insurance

WEHI insures Directors (and the Company Secretary and Executives) against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director (or Company Secretary or Executive) of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Directors' report

The Directors of WEHI submit this Annual Financial Report of the Company for the year ended 31 December 2023. The Directors' report is as follows:

Directors and Board Meetings

The names and particulars of the Directors of the Company during or since the end of the financial year and attendance at Board meetings in the year ended 31 December 2023 are:

		Joined Board	Meetings held while a Director	Meetings Attended
Jane S Hemstritch AO <i>Chairperson and President of WEHI</i>	BSc(Hons) FICAEW, FAICD	2013	6	5
Robert H Wylie <i>Honorary Treasurer Retired 18 May 2023</i>	FCA FAICD	2014	3	3
Geoff Roberts <i>Honorary Treasurer May 2023</i>	BComm <i>Melb</i> FCA FAICD Exec MBA AGSM	2022	6	6
Malcolm W Broomhead AO	BE(Civil) MBA FIE(Aus) FAusIMM FAIM MICE(UK) FAICD	2014	6	4
John Dyson	BSc Grad Dip Fin Inv MBA	2016	6	6
Professor Jane Gunn AO	MBBS PhD FAHMS FRACGP DRANZCOG	2021	6	4
Professor James McCluskey AO <i>Completed term 18 May 2023</i>	BMedSc MBBS MD FRACP FRCPA FAA FAHMS	2011	3	3
Marie McDonald	BSc (Hons) LLB (Hons)	2016	6	6
Carolyn Viney	LLB/BA	2016	6	6
Professor Christine Kilpatrick AO	MBBS MBA MD DMedSci (Hons) FRACP FRACMA FAICD FAHMS	2017	6	4
Associate Professor (Practice) Pippa Connolly	MEng GAICD CPEng(ret) FIEAust	2019	6	6
Professor Sir John Savill <i>Vice President of WEHI</i>	BA MBChB PhD FRCP FRCPE FRCSEd (Hon) FRCPCH(Hon) FASN FRSE F.MedSci FAHMS, FRS	2018	6	5
Kee Wong	BE (Hons) GradDipComp (Distinction) MBA FAICD	2021	6	6
Dr Angeli Weller	BA (Hons) MBA PhD	2022	6	6
Professor Duncan Maskell <i>Appointed 18 May 2023</i>	MA PhD FMedSci Hon Assoc RCVS	2023	3	2

The Audit, Risk and Compliance Committee

The role of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities with regard to the review and preparation of its annual accounts, risk management and internal control systems of the WEHI. The Committee met four times during the period under review.

Principal Activities

The WEHI's principal activity in the financial year was medical research and there has been no significant change in that activity during the financial year.

Financial Results

The financial results from operations was a net deficit of \$47,272,000 (31 December 2022 net deficit of \$6,649,000). After allowing for non-operational items, the overall result for the period was a deficit of \$42,143,000 (31 December 2022 deficit of \$640,000). Tax is not applicable. The Company is limited by Guarantee, has no share capital and declares no dividends.

Operations

A review of operations of the WEHI is included in the detailed scientific reports.

Environmental Regulations

WEHI aims to achieve a high standard in environmental matters. WEHI complies with the *Environmental Protection Act* (Vic) regarding its operations. Discharges to air and water are below specified levels of contaminants and solid waste is disposed of appropriately.

Biomedical waste and sharps are disposed of through appropriately licensed contractors. The Directors have not received notification, nor are they aware of any breaches of environmental laws by WEHI.

Appreciation

The Board wishes to extend its appreciation to the Members of the various Committees (People and Culture Committee, Human Research Ethics Committee, Investment Committee, Advocacy and Support Committee, Audit, Risk and Compliance Committee, Ethical Practice and Research Integrity Committee, Master Planning Committee and the Commercialisation Committee) as well as the many other people including the WEHI Director, staff, students, overseas visitors and honorary workers, who work so tirelessly to advance the institutes world-wide reputation for excellence in medical research. A table of attendance at the various committees is listed below.

Committee attendance	Meetings held while a member	Meetings attended
Audit, Risk and Compliance Committee		
Geoff Roberts (Chair)	4	4
Robert Wylie	1	1
Malcolm Broomhead AO	4	3
Associate Professor Pippa Connolly	4	4
Commercialisation Committee		
Marie McDonald (Chair)	4	4
Dr Leigh Farrell	4	2
Saul Cannon	4	4
Professor Sir John Savill	4	4
Professor Isabelle Lucet	4	4
Professor John Silke	4	4
John Dyson	4	3
Advocacy and Support Committee		
John Dyson (Chair)	4	4
Dr Paul Cooper	4	4
Hugh Hodges	4	4
Caroline Johnston	4	3
Ben Sze	4	4
Andrea Lapidge	4	4
Andrew Brooks	4	4
Kee Wong	4	4
Leslie Falkiner-Rose	4	4
People and Culture Committee		
Jane Hemstritch AO (Chair)	2	2
Professor Doug Hilton	2	2
Professor Sir John Savill	2	2
Carolyn Viney	2	2
Dr Angeli Weller	2	2

Committee attendance	Meetings held while a member	Meetings attended
Human Research Ethics Committee		
Peter Collins (Chair) (Resigned July 2023)	2	1
Dr Tim Dyke (acting Chair from March 23)	3	3
Rev Father Michael Elligate (Resigned November 2023)	4	0
Dr Daniel Ajak	4	4
Terri Lourey	4	3
Hugh Foley		2
Louise Steinfort (Resigned June 2023)	2	1
Associate Professor Ian Majewski	4	4
Dr Vanessa Bryant	4	4
Jane Fiske	4	1
Bree Ridgeway	4	3
Dr Jeanne Tie	4	2
Sarah Galbraith	4	4
Investment Committee		
Robert Wylie (Chair until March 2023)	1	1
Geoff Roberts (Chair from March 2023)	4	4
Malcolm Broomhead AO	4	3
Nga Lucas (Joined September 2023)	1	1
Stephen Merlicek	4	3
Stephen Milburn-Pyle	4	4
Andrew Scott	4	3
Fiona Trafford-Walker	4	2
Ethical Practice and Research Integrity		
Dr Angeli Weller (Chair)	6	6
Professor Jane Gunn	6	3
Peter Collins (Stepped down July 2023)	3	2
Associate Professor Ian Majewski	6	6
Professor Doug Hilton	4	3
Professor Alan Cowman	2	2
Master Planning sub-committee		
Ms Carolyn Viney (Chair)	3	3
Associate Professor Pippa Connolly	3	3
James Cain (Stepped down July 2023)	1	1

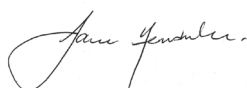
Auditors' independence declaration

The Auditors' independence declaration is included on page 30 of the financial report.

Other Matters

- (a) During the financial year there was no significant change in the Company's state of affairs other than that referred to in the accounts or the notes thereto.
- (b) There has not been any other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.
- (c) Disclosure of information regarding likely developments in the operations of the Company in future years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.
- (d) During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company against liability incurred as such a Director or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.
- (e) The Company is a Company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.



Jane Hemstritch
President
Melbourne, 14 March 2024



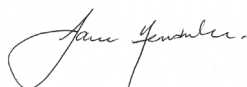
Geoff Roberts
Treasurer

Directors' declaration

Directors' Declaration - per section 60.15 of the Australian Charities and Not-for-Profits Commission Regulation 2013, the Directors declare that in the Directors' opinion:

- (a) there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- (a) the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-Profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-Profits Commission Regulation 2022.



Jane Hemstritch
President
Melbourne, 14 March 2024



Geoff Roberts
Treasurer

14th March 2024

The Board of Directors
The Walter and Eliza Institute of Medical Research
1G Royal Parade
Parkville VIC 3052

Dear Board Members

Auditor's Independence Declaration to The Walter and Eliza Institute of Medical Research

In accordance with section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of The Walter and Eliza Institute of Medical Research.

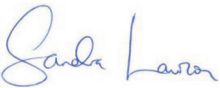
As lead audit partner for the audit of the financial report of The Walter and Eliza Institute of Medical Research for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Sandra Lawson

Partner
Chartered Accountants

Independent Auditor's Report to the Members of The Walter and Eliza Institute of Medical Research

Opinion

We have audited the financial report of The Walter and Eliza Institute of Medical Research (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration by the Directors.

In our opinion, the accompanying financial report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.


Auditor's Responsibilities for the Audit of the Financial Report

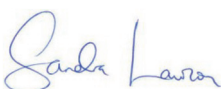
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.


DELOITTE TOUCHE TOHMATSU



Sandra Lawson
Partner
Chartered Accountants
Melbourne, 14 March 2024

Statistical summary for the year ended 31 December 2023

	2023 \$'000s	2022 \$'000s	2021 \$'000s	2020 \$'000s	2019 \$'000s
Operating revenue					
Australian Government	56,864	56,930	59,900	64,798	46,298
Victorian Government	9,175	9,598	9,883	10,311	10,513
Foreign governments	725	380	35	-	70
Government revenue	66,764	66,909	69,818	75,109	56,881
Industrial grants and contracts	20,732	17,588	12,181	13,439	8,689
Philanthropic grants and fellowships - Australia	15,874	10,510	12,563	9,870	13,399
Philanthropic grants and fellowships - international	6,119	6,007	2,885	4,649	3,343
Investment income	33,221	35,740	29,518	19,996	24,156
Royalty income	611	2,434	770	1,654	7,483
General revenue	7,481	7,300	9,105	6,842	8,916
Donations and bequests	20,958	31,949	28,227	26,522	15,449
Royalty monetisation revenue	-	-	27,590	38,961	35,633
Non-government revenue	104,996	111,528	122,839	121,933	117,068
Total revenue	171,760	178,437	192,657	197,042	173,949
Operating expenditure					
Staff costs	137,819	121,581	109,662	102,547	98,340
Scientific laboratories	29,718	26,535	24,561	20,212	23,435
Building operations	6,544	6,254	5,585	5,092	5,908
Administration	24,874	13,233	14,716	11,520	8,648
Fundraising	919	911	518	502	620
Business development	3,423	2,355	9,200	2,725	1,219
Allowance for credit loss increase/(decrease)	1,551	0	(32)	(30)	62
Royalty monetisation costs	-	-	(4,418)	2,239	10,104
Net foreign exchange loss/(gain)	(1,010)	(6,413)	(4,669)	10,282	477
Total expenditure	203,838	164,455	155,123	155,089	148,813
Results from operating activities	(32,078)	13,981	37,534	41,953	25,136
Other income					
Profit/(loss) on sale of long-term assets	-	-	161	(135)	297
Fair value gain/(loss) on investments	3,501	(8,432)	10,549	816	5,261
Share of profits of equity accounted investments	457	2,011	-	-	-
Gain on merger	-	4,068	-	-	-
Donations and bequests capitalised to Permanent Funds	161	1,620	26,659	673	1,359
Total other income	4,119	(733)	37,369	1,354	6,917
Other expenses					
Loss on impairment write-down of long-term investments	-	-	-	-	-
Depreciation and amortisation	(14,185)	(13,746)	(12,959)	(11,871)	(10,941)
Impairment of property, plant and equipment	-	(142)	(4,422)	-	-
Total other expenses	(14,185)	(13,888)	(17,381)	(11,871)	(10,941)
Net operating (deficit)/surplus	(42,143)	(640)	57,522	31,436	21,112
Capital funds					
Permanent invested capital funds	244,672	240,122	229,672	202,322	198,833
General funds	416,697	408,197	419,077	394,285	371,193
Royalty fund	-	55,822	56,389	56,135	55,039
Leadership fund	37,353	35,259	30,225	28,927	27,965
Discovery fund	6,785	6,341	5,746	5,484	5,271
Investment revaluation reserve	118,084	82,526	125,878	70,311	67,200
Total funds	823,591	828,267	866,987	757,464	725,501
Capital expenditure					
Property, plant and equipment	15,146	15,266	15,710	24,195	12,252
Staff numbers: (equivalent full-time)	2023	2022	2021	2020	2019
Scientific research staff:					
- Senior faculty	80	82	74	85	87
- Postdoctoral scientists	285	276	252	224	213
- Visiting scientists	7	12	8	32	34
- Other laboratory research staff	345	347	313	240	240
Supporting staff:					
- Other support services	223	193	180	177	175
Total staff and visiting scientists	940	910	827	758	749
Students	182	197	194	159	206
Papers published	478	484	477	424	388

Capital Funds

Permanent Named Capital Funds

The following is a complete listing of all permanent funds held and invested by the Institute at 31 December, 2023.

*New donations of capital received in current financial period.

Adair John Bequest (ex DW)

Adair John Bequest (ex MF)

Alexander R Estate

Allison-Levick J & H

Alston Peter and Julie Florence Fellowship Fund

Amey AM Estate

Anderson KA Estate

Anderson NM Estate

Angus Dorothy Irene Estate

Arnel Florence Janet Maude Estate

Arter Myra G Estate

Ashford Ivy A Estate

Attwell Samuel E Estate

Atyeo George & Isobel Fund

Baker Alice Lillian Estate

Ballantyne JW Estate

Barfield WG Estate

*Barry Joan Elaine Memorial Fund

Bartlett Mary V Estate

*Bates Tim Memorial Diabetes Research Fund

Charles L Bartholomew Estate

Bauer Dr Franz Estate

Bell Valerie Amy

Benjamin EG Estate

Bennett LM Estate

Berry Ruby C Estate

Biderman Cyla Estate

Blain BE Estate

Bland RT Estate

Bock Lindsay William Estate

Boothman Alva Estate

Borrett M A Estate

Bran EG Estate

Brennan EM Estate

The Ruby Bryan Memorial Fund

Brittain W & VI Mem Fund

Brockhoff Nyon Trust

Brough AV Estate

Brown Isabelle A Estate

Bruce RH Estate

Buckland William Foundation Fund

Buckman Olive Estate

Bult C G Estate

Brumloop LAA Estate

Burley Stanley Estate

Burnet Sir Macfarlane Estate

Burns JC Estate

Cahill JL Estate

Callaway LJ Estate

Cambridge Beresford Estate

Carlin Freda Evelyn Estate

Carling DM Estate

Carlson Catherine Estate

Carlson Elizabeth F Estate

Carty LEW Charitable Fund

Cato EA Estate

Cato MC Estate

Chapman Debbie Memorial Fund

Chatfield SL Estate

Claridge John PG Estate

Clark Lindesay Fund

Cockburn Clarice BP Estate

Cole DE Estate

Coles GO Estate

Collie Barbara Estate

Collie Betty Rae

Collie George Estate

Colliver Len Estate

Connolly Grace C Estate

Cormack Margaret Mary

Cory Joy & Desmond Cancer Research Fund

Coultass Hilda M Estate

Courtney Gwendoline Vera Estate

Coutts Dr ELA Estate

Coutts IBM Estate

*Craven DA Memorial Fund

JE Craven & MA Shearer Estates

Crawford Duncan Estate

Criswick R M Estate

Critchlow Ronald P Estate

Crowley MM Estate

Cubbins SG Estate

Cummings ED Estate

Cutter BE Estate

Darbyshire EJ (Ted) Estate

Davey Dorothy Estate

Davidson BI Estate

Davidson EE Estate

Davis FLG Estate

Dawson Anne Marie Estate

Del Cott RAM Estate

Deryk SD Estate

Sir Harold Dew and Family Estate

Dick MRK (Ray) Estate

Dickie Phoebe Estate

Dimsey WE Estate

Dobbie Myrtle M Estate

Dodgshun GM Estate

Dossetor Catherine L Estate

Dowie S Estate

Drakensberg Trust

Drury Evelyn Ann Fund

Duncan PH Estate

East James Douglas Estate

Edwards Allen Richard Estate

Edwards HHW Estate

Eisner KR

Ellis GM Estate

Emery Harriet Anne Estate

Eva Michael Ross Estate

Facey Mary Bethune Estate

Fagg Maude V Estate

Fields Ernest Estate

Findlay Winifred Gertrude Estate

Fitzgerald Sheila Mary Estate

Ford Ada Joyce Estate

Fraser K Estate

Galbraith DA & DV Estate

Gerdts Sheila Lesley G Estate

Gibb Geo & Bennett Wm A

Gilbert Augusta Estate

Gilder CH Estate

Gillon AM Estate

*Gilmore Trakka Fund

Girdwood J Estate

Goldman Sachs JB Were Foundation

Gordon H & T Estate

Graves GC Estate

Gray Bessie Mavis Fund

Gray Clara Estate

Greig Harry Douglas Estate

Grubb Walter Joseph Estate

Guest Doris Rose Estate

Hackett Dorothy Estate

Hadfield RCS Estate

Hadley AN Estate

Hamilton M Estate

Harrap FM Estate

Harrap LM Estate

Harris John D & Lyla Foundation

Hartlett K Estate

Haydon Michael JM Memorial Fund

Hearse JD	Mahoney Florence Cancer Fund	Nottingham SG Estate
Hemphill Olive May Estate	Malcolm Phyllis Elizabeth Estate	Palmer DE Estate
Henderson AN Estate	Maloney Kathleen Margaret Estate	Palmer Ethel Fund
Henderson Joan Estate	David Mann Memorial Research Fund	Parker Barbara Memorial Fund
Henry MA Estate	Mansfield Trevor Geoffrey Estate	Parker Mabel V Estate
Heron Thelma Hope Estate	Marguccio R Estate	Parsons Kathleen FB Estate
Highton GAN Estate	Mariner Barry Leonard Estate	Patten Ralph & Etty Bequest
Hill Ramon Bruce Estate	McArthur Nellie M Estate	Patterson Gerard A Estate
Hind Ruby F Estate	McCooke Miss MH Estate	Paulin Leukaemia Fund
Hocking Helen Estate	McDonald Charles Thomas	Paulin SC Estate
Holmes EM Estate	McDougall Phyllis Mable Estate	Payne Henry and Charlotte Fund
Hope Irene Estate	McGhee ME Estate	Peterson Vera Estate
Hooper Nancy Hilda	McGregor Amy VK Estate	Petley Francis Estate
Hosier MM Estate	McGregor Elvira Ruth Estate	Pierce John Lindsay Estate
Hurry M Estate	McGregor KB Estate	Pietsch Dr CH Fund
Inglis Dulcie M Estate	Mckay C N Fund	Porter Florence JA Estate
Ironside WH Estate	McKinnon Sheila May Estate	Prater Mabel Edward
Jackson Catherine M Estate	McLean Ada Myee Dutton Estate	Pritchard DG Estate
Johnson Daphne Adele Estate	McLennan B Estate	Pyke MA Estate
Johnson Ethel Grace Estate	McNab M Estate	Qualtrough Research Fund
Johnson Sydney Robert Estate	McNeill Sir James Fund	Rae Olive Estate
Johnstone Reginald Ben Estate	McRorie Ruby A Estate	Reeves Jessie Estate
Judd Anita Estate	Menagh Thelma Marie Estate	Reid John T Charitable Trusts
Kayler-Thomson Marion Estate	Miller Lorna May Estate	Reiser Erwin Estate
Keating L Estate	Miller MA Estate	Richardson DLK Estate
Keats LCA Estate	Miller Violet Isabella Estate	Ricker EM Fund
Kellock TH Estate	Minney DW & NR Fund	Roberts JI Charitable Fund
Kendall Nanyce Douglas	Mitchell, Bettye Victoria Fund	Robertson AT Estate
Kerr HM Estate	Mitchell Doris Georgina Mildred	Rose Norma J Estate
King DM Estate	Mitchell G Fund	Ruppel FE Estate
Knight FF Estate	Moden FHW Estate	Salemann CW Estate
Lang John Murray Estate	Moody E Vaughan Estate	Sallmann L & E Memorial Fund
Lanigan Annie Maria (Nance) & Janet Mary Fund	Moon Ida Alice Estate	Santos TS Estate
Lanteri Gwen Estate	Mooney Carmel Mary, Estate of	Schack Elsie Edith Estate
Larard DV Estate	Moore Phyllis Estate	Scott Annie May Estate
Leckie Winifred Estate	Morgan DM Estate	Sharp II Estate
Lilford VM Estate	Morris Foundation of Medical Research	Shaw Eileen Coryn Estate
Lins RD Estate	Moss EE Estate	Shelton Edgar Estate
Little Mabel B Estate	Muller FG Estate	Sidwell OB Estate
Lyddon Pauline M Estate	Murray Alan Ambrose Estate	Skea Lyndal and Jean Leukaemia Fund
Lyell Alexia Bequest	Murray Gwendoline Mary Fund	Skinner Phyllis Maye Estate
MacAskill WG & I	Must Mary Kathleen Bequest	Smith Elsie Violet Estate
Mace Nina May Estate	Myer Dame Merlyn Estate	Smorgon Robert & Jack Family Foundation
MacDonald Elsie May Estate	Myer Pam Sallmann Foundation	Snow Freda Estate
Macindoe Jock & Diana Fund	Nevill Melanie Joy	Spence Frank Meldrum
MacIntosh Elizabeth H Estate	Newton Evelyn	Spencer Stanley L Estate
Mackay Ian	Newton EM Estate	Stanbrough AE Estate
Mackie-Smith CM Estate	Nicholas Harold George Estate	Stephens L Estate
Macleay The Lillian & Kenneth Bequest	Norins Leslie Fund	Stevens SA Estate
MacNamara Jean Fund	Norton M Estate	Stevenson Dame Hilda Estate
	Nossal Sir Gustav Fund	Stewardson Family Trust

Stewart Jean Elma
 Swinger Maxwell & Mary Bequests
 Sydserrf Charles SB Estate
 Syme David Farnell Estate
 Talbot P Estate
 Taws M Estate
 Taws GE Arthritis Fund
 Taylor Sarah McQuillan Estate
 Thomas JC Estate
 Thompson O Estate
 Thorpe Doris EB
 Tink RM Estate
 Tinkler VF Estate
 Tomasetti John T Estate
 Thompsom LW Estate
 Tressider Edith Kathleen Estate
 Trezise KW Estate
 Tropical Diseases Fund
 Turnbull JG Estate
 Van Leeuwen GH Estate
 Vincent-Smith IG Fund
 Vogel Herta & FB Estate
 Walker CM Estate
 Walker Dorothy Hope Estate
 Wallace Nancy Jeanie Estate
 Walsh Dr William Butler Memorial Fund
 Walter Ailsa Amy Mary Estate
 Warnock EMC nee Riddle Estate
 Watson MR Estate
 Waxman Elizabeth H Estate
 Wedge Erica Estate
 Webb NJ Estate
 Weeks Thelma Estate
 Wekwerth Hilda Frances Estate
 West John James Estate
 Westcott Ita E Estate
 White Morris G Estate
 Wicks LR Estate
 Williams AM Estate
 Williams Irene E Estate
 Wilson DE Estate
 Wilson MML Estate
 Wilson NF Estate
 Wilson V M (Sunny) Estate
 Wolstonecroft WW Estate
 Wright Lynette Oreti Estate
 Zillman Dudley V Estate
 *Z & C Jeffs Family Fund

Fellowships and Scholarships Register

farrant Patricia & John Scholarship Fund
 *Harris Alan Scholarship Fund
 JHA Munro Foundation
 Macphee Avis Permanent Fund
 Mathison G C Research Scholarship
 *Metcalf Donald Scholarship Fund
 Metcalf Family Cancer Research Fellowship Fund
 Moffatt Edith Scholarship Fund
 The Sir Clive McPherson Family Centenary Fellowships
 *Wendy Dowsett Scholarship Fund

PhD Scholarship Funds

Carty EM Fund
 *Dr Jennifer MY Foong PhD Scholarship Permanent Fund
 Mackay Dr Ian Fellowship fund
 Pearl Paddy Fund
 Speedy Pauline Scholarship Fund
 Syme Colin Fund
 The John and Margaret Winterbottom Bequest
 Wilson Ed Memorial Fund

Other Funds Register

Balderstone Award
 Gideon Goldstein Fund
 John and Patricia Farrant Bequest Fund
 Speedy Pauline Innovation Grant Fund

Leadership Fund

The leadership Fund was established in honour of President Gustav Nossal, Donald Metcalf, Jacques Miller and Suzanne Cory to provide named Fellowships to nurture the development of outstanding young scientists with the potential to be future leaders of biomedical research.

The Leadership Fund at 31 December 2023 included the following permanent funds (\$10,000 and over):

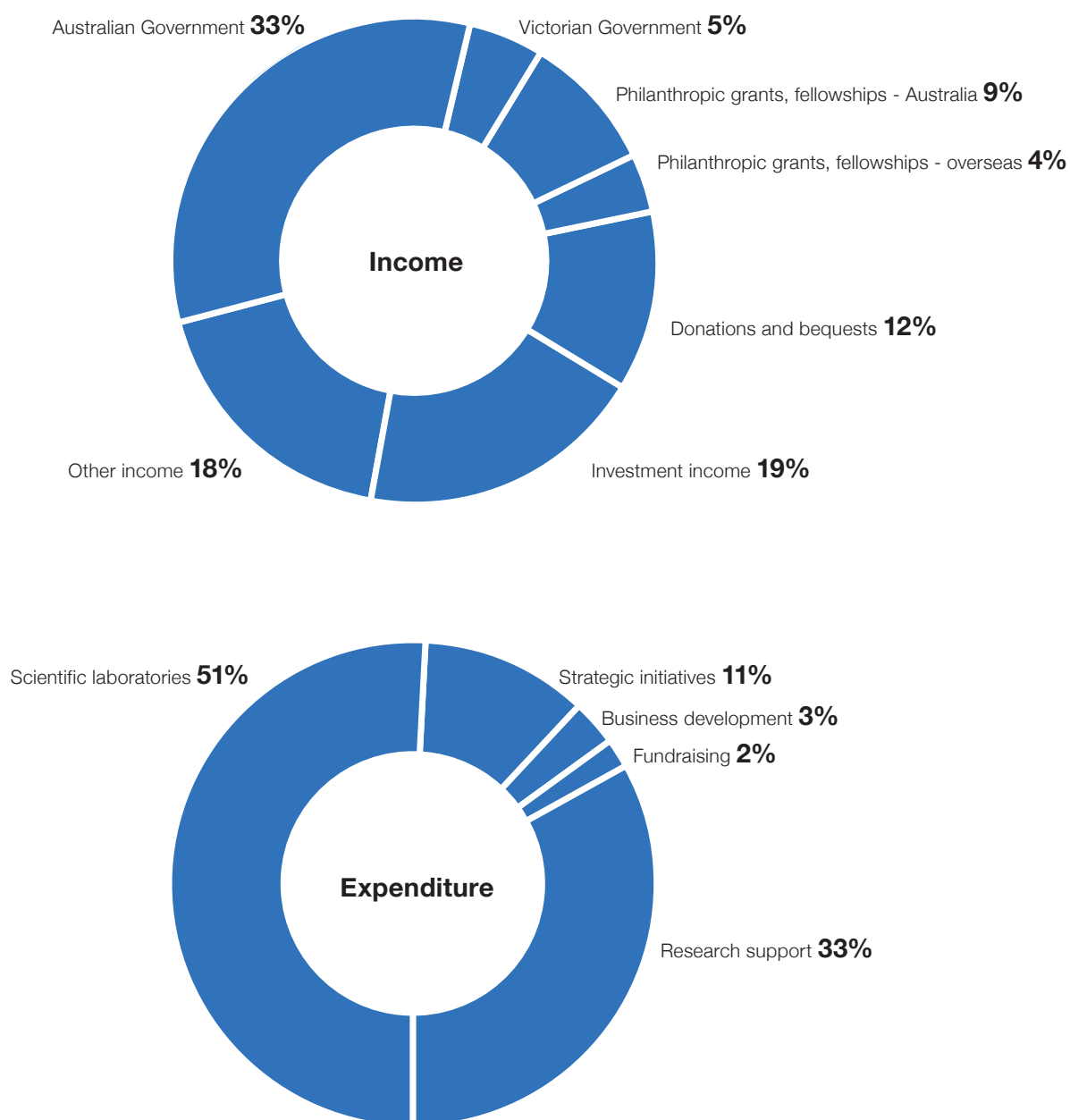
Albert H Maggs Charitable Trust
 Arthur Andersen & Co Foundation
 Arthur Robinson & Hedderwicks
 Betty Eunice Stephens Estate
 C M Walter
 Chugai Pharmaceutical Co Ltd
 Coles Myer Ltd
 E Vaughan Moody Estate
 Eunice L Lambert Estate
 H B Kay Estate

Helen Macpherson Smith Trust
 J B Were & Son Charitable Fund
 James Kirby Foundation
 Joe White Bequest
 Krongold Foundation Pty Limited
 L M Archibald Estate
 Leslie D W Stewart Estate
 National Australia Bank
 National Mutual Holdings Limited
 Pacific Dunlop Ltd
 Professor Sir Gustav Nossal
 Sheila R White Estate
 Sir Harold Dew and Family Estate
 Stephelle Pty Ltd
 The Broken Hill Proprietary Company Limited
 The Ian Potter Foundation
 The R & J Law-Smith Gift
 The Scobie and Claire MacKinnon Trust
 The Sidney Myer Fund
 Victor Smorgon Charitable Fund

The following Estates in which the Institute had an interest, were managed during the year by Trustees. (Income received by the Institute in the financial period is treated similar to donations):

Agnes Maude Reilly Charitable Trust
 Albert H Maggs Charitable Trust
 Estate of Eleanor Margrethe Albiston (The Stang Bequest)
 Estate of Emily Vera Winder
 Estate of Ethel Mary Drummond
 Estate of Florence Mary Young
 Estate of Heather Margaret Phiddian
 Estate of Lindsay James Baldy
 Estate of Maxwell Gardiner Helpman
 Estate of Sheila Mary Helpman
 Frederick and Winifred Grassick Memorial Fund
 Harold & Cora Brennen Benevolent Trust
 Irene & Ronald MacDonald Foundation
 John Frederick Bransden Charitable Trust
 Margaret Lewis Reilly Charitable Trust
 S.T.A.F - Rupert Ethel & Ronald Fraser & Ruby Thomas
 The C.H. Boden Memorial Trust
 The Frank Broadhurst Memorial Charitable Fund
 The George Thomas & Lockyer Potter Charitable Trust
 The Hazel & Pip Appel Fund
 The Mackie Bequest
 Thomas, Annie & Doris Burgess Charity Trust

The period at a glance (Excluding monetisation and unrealised foreign exchange losses)



The Year In Brief


	2023 \$'000	2022 \$'000
Income for operations	171,760	178,437
Expenditure in operations	219,032	185,086
Net surplus (deficit) from operations	(47,272)	(6,649)
Number of staff and visiting scientists	940	910
Number of postgraduate students	182	197
Total staff and students (EFT)s	1,122	1,107





1G Royal Parade
Parkville Victoria 3052 Australia

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