



**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
MALAGHAN INSTITUTE OF MEDICAL RESEARCH**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Malaghan Institute of Medical Research (the 'Institute') and its subsidiary (the 'Group') on pages 1 to 12, which comprise the consolidated statement of financial position as at 31 July 2016, and the consolidated statement of comprehensive revenue and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with Section 11 of the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Trustee's Responsibility for the Consolidated Financial Statements

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of these consolidated financial statements, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the consolidated financial statements.

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

Other than in our capacity as auditor we have no relationship with or interests in the Institute or its subsidiary.

Basis for Qualified Opinion on Financial Performance and Cash Flows

Control over the philanthropic revenue prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control.

Qualified Opinion on Financial Performance and Cash Flows

In our opinion, except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning grants, the financial statements on pages 1 to 12 present fairly, in all material respects, the results of operations and cash flows for the year ended 31 July 2016 in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Chartered Accountants
6 October 2016
Wellington, New Zealand

Malaghan Institute of Medical Research

**Annual Report for the year ended
31 July 2016**

Consolidated Statement of Comprehensive Revenue and Expenses

Malaghan Institute of Medical Research
For the year ended 31 July 2016

	Notes	2016	2015
			(Restated)
Revenue from non-exchange transactions			
Grants revenue		4,412,588	4,802,224
Capability grants revenue - IRO funding		3,561,000	2,443,271
Philanthropic revenue		2,287,264	995,478
Total Revenue from non-exchange transactions		10,260,852	8,240,974
Revenue from Exchange Transactions			
Investment revenue		784,857	1,234,794
Other revenue		176,598	184,514
Total Revenue from Exchange Transactions		961,455	1,419,308
Total Revenue		11,222,307	9,660,281
Expenses			
Depreciation	9	529,389	460,002
Facilities costs		1,142,931	997,118
Lab costs		2,356,727	2,146,300
Other operating costs		1,257,100	267,652
People costs		4,971,418	4,566,835
Total Expenses		10,257,565	8,437,908
Total Expenses		10,257,565	8,437,908
Total Comprehensive Revenue and Expense		964,742	1,222,374

Consolidated Statement of Changes in Net Assets

Malaghan Institute of Medical Research
For the year ended 31 July 2016

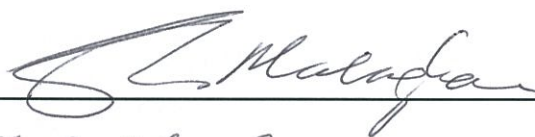
	Note	2016	2015 (Restated)
General Reserve			
Opening Balance		2,111,113	1,608,590
Comprehensive Revenue and Expenses			
Surplus for the Year		964,742	1,222,374
Total Comprehensive Revenue and Expenses		964,742	1,222,374
Increases			
Transfer in from Research Reserve		-	349,014
Transfers in from Capital Endowment Fund		660,627	321,747
Total Increases		660,627	670,761
Decreases			
Transfers out to Research Reserve		718,599	-
Transfer of Capital Endowment Fund Net Surplus to Capital Endowment Fund	6	990,078	1,390,611
Total Decreases		1,708,677	1,390,611
Closing Balance		2,027,806	2,111,113
Capital Endowment Fund			
Opening Balance		9,157,042	8,088,178
Increases			
Capital Endowment Fund Net Surplus for the year		990,078	1,390,611
Total Increases		990,078	1,390,611
Decreases			
Transfers out to General Reserve		660,627	321,747
Total Decreases		660,627	321,747
Closing Balance		9,486,493	9,157,042
Research Reserve			
Opening Balance	4.12	927,401	927,401
Increases			
Transfer in from General Reserve		718,599	-
Decreases			
Transfers out to General Reserve		-	-
Total Decreases		-	-
Closing Balance		1,646,000	927,401
Total Equity		13,160,299	12,195,556

Consolidated Statement of Financial Position

Malaghan Institute of Medical Research
As at 31 July 2016

	Notes	2016	2015 (Restated)
Assets			
Current Assets			
Cash and Cash Equivalents	7	1,888,450	2,362,239
Receivables from exchange transactions		46,017	34,397
Receivables from non-exchange transactions		772,345	172,976
Prepayments		196,125	139,833
Financial Assets	8	4,054,519	1,548,300
Total Current Assets		6,957,455	4,257,745
Non-Current Assets			
Property, Plant and Equipment	9	2,601,422	2,094,421
Financial Assets	8	5,431,974	7,254,743
Total Non-Current Assets		8,033,396	9,349,163
Total Assets		14,990,851	13,606,908
Liabilities			
Current Liabilities			
Trade payables from exchange transactions		1,193,983	954,816
Liabilities from non-exchange transactions		636,570	456,536
Total Current Liabilities		1,830,553	1,411,352
Total Liabilities		1,830,553	1,411,352
Net Assets		13,160,299	12,195,556
Net assets			
General Reserve		2,027,806	2,111,113
Capital Endowment Fund		9,486,493	9,157,042
Research Reserve		1,646,000	927,401
Total Net assets		13,160,299	12,195,556

Signed By:



Date: 6th October 2016

Signed By:



Date: 6th October, 2016

Consolidated Statement of Cashflows

Malaghan Institute of Medical Research

For the year ended 31 July 2016

	2016	2015
		(Restated)
Cashflow		
Cash from Operating Activities		
Cash was provided from:		
Receipts from Grants and Donations	9,052,117	7,627,459
Other income	1,021,952	269,807
Investment income	671,548	564,085
Total Cash was provided	10,745,617	8,461,350
Cash was applied to:		
Payments to Suppliers and Employees	(9,545,301)	(7,880,917)
Total Cash was applied	(9,545,301)	(7,880,917)
Total Cash from Operating Activities	1,200,316	580,433
Cashflow from Investing Activities		
Cash was Provided from:		
Proceeds from Sale of Investments	1,771,157	2,880,600
Total Cash was Provided	1,771,157	2,880,600
Cash was applied to:		
Purchase of Property, Plant & Equipment	(1,036,390)	(1,017,178)
Purchase of Investments	(2,408,872)	(3,029,956)
Total Cash was applied	(3,445,262)	(4,047,134)
Total Cashflow from Investing Activities	(1,674,105)	(1,166,534)
Net Increase/Decrease in Cash Held	(473,789)	(586,101)
Opening Cash Carried Forward	2,362,239	2,948,340
Ending Cash to Carry Forward	1,888,450	2,362,239
Total Cash and Cash Equivalents	1,888,450	2,362,239

Notes to the Financial Statements

Malaghan Institute of Medical Research
For the year ended 31 July 2016

1. Reporting Entity

The reporting entity is Malaghan Institute of Medical Research ("the Institute"). The Institute is domiciled in New Zealand and is a Charitable Trust registered under the Charities Act 2005 (registration number CC10357).

The financial statements comprise of the Institute and its controlled entity, Malcorp Biodiscoveries Ltd, together the "Group", are presented.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by the Malaghan Institute of Medical Research.

The Institute's primary objectives include: to seek to discover the nature, origins and causes of disease by the application of any or all of those branches of science which are relevant to this purpose; to conduct research into disease by all such means as may be thought desirable, to assist the conduct of research by the provision of finance, advice, scholarship, facilities, equipment and such other assistance as may be thought desirable, and to set up, equip and maintain such laboratories, offices or other buildings as are considered to be desirable; to make the best use of knowledge so gained for the improvement of prevention or treatment of disease both in man and animals, including to disseminate and teach that knowledge.

The Institute does not operate to make a financial return.

These consolidated financial statements have been approved and were authorised for issue by the Board on 6 October 2016.

2. Statement of Compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards.

3. Effect of first-time adoption of PBE standards on accounting policies and disclosures

For the year ended 31 July 2015, the Group prepared its consolidated financial statements using the New Zealand Financial Reporting Standards ("NZ FRS"). These have been restated to Not-For-Profit PBE IPSAS - RDR. An explanation of how the transition to Tier 2 Not-For-Profit PBE Accounting Standards has affected the reporting Statement of Changes in Net Assets is provided in Note 16 of the financial statements.

PBE IPSAS 1 - Presentation of Financial Statements

There are differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

PBE IPSAS 23 - Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard affected the Group's accounting for donations, bequests and grants revenue.

In the previous financial year, grants received in relation to the completion of a certain pieces of research were recognised as revenue on a percentage of completion basis. However, PBE IPSAS 23 requires revenue from non-exchange transactions, such as grants, to be recognised as revenue as they are receivable, unless the grant meets the definition of and recognition criteria for a liability.

Non-exchange revenue from grants can only be deferred and recognised as a liability if there is a condition attached to the grant that requires the Group to use the grant as specified or return to the granting body if the Group does not perform as specified.

In the previous financial year cash was received from various funding organisations for a number of pieces of research. These amounts were recognised as revenue in advance to the extent that this research had not yet been completed.

However, some grant contracts did not include a return obligation. Therefore, there is no specific condition attached to the grant, and as a result, on initial application of PBE IPSAS 23, a corresponding amount has now been moved into the Research Reserve.

The comparative figures in the consolidated statement of financial performance and consolidated statement of financial position for 2015 have been amended accordingly and are shown in note 16.

4. Summary of Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements as set out below have been applied consistently to both years presented in these consolidated financial statements.

4.1 Basis of Preparation

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments.

These consolidated financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

4.2 Functional and Presentational Currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the the Group's functional currency.

4.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Institute and its subsidiary which has been consolidated using the purchase method.

4.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Grants revenue

For research grants where no return obligation for unused funds exists in substance, revenue is recognised upon receipt. For research grants where return obligation for unused funds exists in substance, revenue is recognised to match the expenses. Unspent funds are recognised as a liability as balance date.

Capability grants revenue

Capability grants revenue is recognised upon receipt.

Philanthropic revenue

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programme or equipment. Revenue from legacies and estates that satisfies the definition of an asset is recognised as revenue when it is probable that future economic benefits or service potential will flow to the Group, and the fair value can be measured reliably.

Revenue from exchange transactions

Investment revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Dividend revenue is recognised when the dividend is received.

4.5 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables.

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Group's fixed income securities, equities and property trusts fall into this category of financial instruments.

Impairment of financial assets

The Group assesses at reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial Liabilities

The Group's financial liabilities include trade and other creditors, employee entitlements, and deferred revenue (in respect to grants whose conditions are yet to be complied with).

4.6 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.7 Property, Plant, Equipment and Depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Any gain or loss on disposal of an item of property, plant and equipment calculated as the difference between the net proceeds from disposal and the carrying amount of the item is recognised in the surplus or deficit.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation is charged on a straight line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

• Leasehold improvements	15 years
• Furniture and Fittings	10 years
• Equipment	3 -10 years
• Computers and networks	3 -10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

4.8 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

4.9 Employee Benefits

Liabilities for annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled and included in payables from exchange transactions.

4.10 Income Tax

Due to its charitable status, the Group is exempt from income tax.

4.11 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

4.12 Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components:

General Reserve

The General Reserve is the the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

Capital Endowment Fund

This is a restricted equity reserve created by the Group for the purpose of financing special projects, such as capital replacement of certain significant assets. The use of these funds is restricted to the specific purpose of the project.

Research Reserve

This reserve is designed to give visibility to grants received that satisfy the conditions to be recognised as revenue but the related activity is not complete.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of any contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments

The Group has entered into a number of equipment leases.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the equipment, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Grants Received

The Group must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in Note 4.7

	(Restated)	
6. Net surplus from Capital Endowment Fund	2016	2015
Bequests	274,504	263,011
Dividends income	168,553	197,113
Interest income	220,912	195,250
Gain/Loss on Disposal	282,083	171,722
Unrealised Gain/Loss on revaluation	45,736	565,505
Expenses	(1,710)	(1,990)
Total Net surplus from Capital Endowment Fund	990,078	1,390,611

7. Cash and Cash Equivalents	2016	2015
Cash and cash equivalents		
Fundraising Cheque Account	5,588	63,399
MIMR Call Account	-	65,435
MIMR Cheque Account	581,770	308,850
Petty Cash	1,000	540
Term Deposit	1,300,092	1,924,016
Total Cash and cash equivalents	1,888,450	2,362,239

8. Capital Endowment Fund Investment	2016	2015
Current		
Fixed income	1,154,530	313,615
Equities	2,712,305	3,717,835
Short term deposits	187,684	1,548,300
Total Current	4,054,519	5,579,750
Non-current		
Fixed income	4,276,495	2,535,866
Alternative assets	258,376	-
Property trusts	897,104	687,426
Total Non-current	5,431,974	3,223,292
Total Capital Endowment Fund Investment	9,486,493	8,803,042

	(Restated)	
9. Property, Plant and Equipment	2016	2015
Equipment		
Historical cost	7,328,729	6,979,214
Accumulated depreciation	(5,157,697)	(5,246,025)
Total Equipment	2,171,031	1,733,189
Computers and Networks		
Historical cost	1,233,377	1,029,364
Accumulated depreciation	(985,798)	(859,432)
Total Computers and Networks	247,580	169,932
Furniture and fittings		
Historical cost	162,684	147,734
Accumulated depreciation	(121,631)	(115,479)
Total Furniture and fittings	41,053	32,255
Leasehold improvements		
Historical cost	259,307	259,307
Accumulated depreciation	(117,549)	(100,262)
Total Leasehold improvements	141,758	159,045
Total Property, plant and equipment	2,601,422	2,094,421

Reconciliation of the carrying amount at the beginning and end of the period:

Property, Plant and Equipment Reconciliation	2016	2015
Equipment		
Opening balance	1,733,189	1,175,678
Additions	814,607	895,212
Disposals	-	-
Depreciation	(376,764)	(337,701)
Total Equipment	2,171,031	1,733,189
Computers and networks		
Opening balance	169,932	155,900
Additions	208,997	113,856
Disposals	(2,163)	-
Depreciation	(129,186)	(99,824)
Total Computers and networks	247,580	169,932
Furniture and fittings		
Opening balance	32,255	30,959
Additions	14,949	6,486
Disposals	-	-
Depreciation	(6,151)	(5,190)
Total Furniture and fittings	41,053	32,255
Leasehold improvements		
Opening balance	159,045	176,332
Additions	-	-
Disposals	-	-
Depreciation	(17,287)	(17,287)
Total Leasehold improvements	141,758	159,045
Total Property, plant and equipment	2,601,422	2,094,421

(Restated)

10. Operating Lease	2016	2015
Less than one year	457,450	608,725
Later than one year and no later than five years	-	405,817
Later than five years	-	-
Total Operating Lease	457,450	1,014,542

11. Related Parties	2016	2015
Avalia Immunotherapies Limited - Funds for Research	132,735	40,423

The Institute and Victoria University's Ferrier Research Institute have been working together on immunotherapies and have developed a technology platform for synthetic vaccines.

A new company Avalia Immunotherapies Ltd was set up by the Ferrier Research Institute (through Victoria Link), the Institute (through Malcorp), Powerhouse Ventures and NZVIF (New Zealand Venture Investment Fund) to attract further investment to put forward an Investigative New Drug application, or IND.

As of the balance date, Avalia Immunotherapies Ltd has not produced audited financial statements. The Institute does not inject any cash into Avalia and is not expected to in the future. It owns less than 50% of the company and does not have control of decisions or company activities, nor is responsible for any development losses or equity losses in Avalia.

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the Board of Trustees, Director and Deputy Director, Senior Science Programme Leaders and Senior Managers. No remuneration is paid to members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

		(Restated)
Key Management Remuneration	2016	2015
Total Remuneration	1,316,313	1,236,968
Number of persons	8	8

Remuneration and compensation provided to close family members of key personnel
During the reporting period, total remuneration and compensation of \$0 (2015: \$0) was provided by the Group to employees who are close family members of key management personnel.

12. Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

		(Restated)
Financial assets at fair value through surplus or deficit	2016	2015
Investments		
Equities	2,712,305	3,717,835
Fixed income	5,431,025	2,849,481
Alternative assets	258,376	-
Property trusts	897,104	687,426
Total Financial assets at fair value through surplus or deficit	9,298,809	7,254,742

Loans and Receivables	2016	2015
Cash and Cash Equivalents	1,888,450	2,362,239
Total Loans and Receivables	1,888,450	2,362,239

Financial Liabilities	2016	2015
Accounts Payable	1,193,983	954,816
Total Financial Liabilities	1,193,983	954,816

The fair value of listed shares (equity and property trust) and fixed interest securities was obtained using market price at balance date. The fair value of managed funds was obtained using closing prices at balance date disclosed by fund managers.

13. Capital Commitments

There are no capital commitments at balance date (2015:\$nil)

14. Contingent assets and liabilities

There are no contingent assets or liabilities at balance date (2015:\$nil)

15. Events after the reporting date

The Board and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Malaghan Institute of Medical Research (2015: \$Nil).

16. Explanation of the Transition to PBE IPSAS

The Group's financial statements for the year ended 31 July 2016 are the first annual financial statements prepared in accordance with NZ PBE IPSAS. The Group's transition date is 1 August 2015 and it has prepared its opening PBE IPSAS Group Statement of Financial Position from this date.

The new Accounting Standards Framework consists of a two-sector, multi-tier structure with different accounting standards applying to each tier. The two sectors are the For-Profit sector and the Public Benefit Entity (PBE) sector, the latter of which includes public sector entities, not-for-profit entities, and the subset of those registered charities.

The new framework has resulted in PBE's shifting from old GAAP to the new PBE IPSAS regime. Recognition and disclosure differences between the two frameworks is outlined above in note 3.

Opening accumulated revenue and expenses (as at 31 July 2014) under old GAAP	9,696,768
Grant income recognised as revenue rather than liability at 1 August 2014	1,276,414
Closing balance accumulated revenue and expenses under PBE IPSAS RDR (as at 1 August 2014)	10,973,182

Opening accumulated revenue and expenses (as at 31 July 2015) under old GAAP	11,268,156
Grant income recognised as revenue rather than liability at 1 August 2014	1,276,414
Effect of recognition of unspent grants on 2015 revenue	(349,014)
Closing balance accumulated revenue and expenses under PBE IPSAS RDR (as at 31 July 2015)	12,195,556