

# **Cancer Institute NSW**

## **Financial Statements**

for the year ended 30 June 2019





## INDEPENDENT AUDITOR'S REPORT

### Cancer Institute NSW

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Cancer Institute NSW (the Institute), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Institute and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Institute and the consolidated entity as at 30 June 2019, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Institute and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter – Presentation of Budget Information**

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(z). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Institute. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Institute's financial statements present adjusted budget information.

## **The Chief Executive Officer's Responsibilities for the Financial Statements**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Institute and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will cease as a result of an administrative restructure.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Institute or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Dominika Ryan  
Director, Financial Audit Services

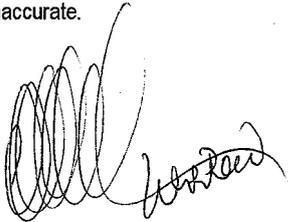
Delegate of the Auditor-General for New South Wales

24 September 2019  
SYDNEY

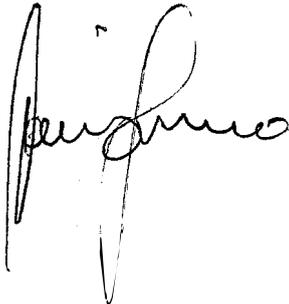
**Cancer Institute NSW**  
**Certification of the Financial Statements**  
**for the year ended 30 June 2019**

We state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Cancer Institute NSW for the year ended 30 June 2019 have been prepared in accordance with:
  - a) Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
  - b) the requirements of the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*; and
  - c) NSW Treasurer's Directions issued under the Act.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Cancer Institute NSW; and
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Prof. David Currow  
Chief Cancer Officer and Chief Executive Officer  
23 September 2019



The Hon. Morris Iemma  
Chairperson  
23 September 2019

**Cancer Institute NSW**  
**Statement of Comprehensive Income for the year ended 30 June 2019**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2019	2019	2018		2019	2019	2018
\$000	\$000	\$000		\$000	\$000	\$000
<b>Continuing Operations</b>						
<b>Expenses excluding losses</b>						
-	-	-				
31,387	31,972	28,827		33,347	33,948	29,778
48,418	48,964	39,193		-	-	-
2,631	2,631	2,693		48,418	48,964	39,193
106,669	105,972	110,384		2,631	2,631	2,693
23	30	3		106,669	105,972	110,384
<b>189,128</b>	<b>189,569</b>	<b>181,100</b>		23	30	3
				<b>191,088</b>	<b>191,545</b>	<b>182,051</b>
<b>Revenue</b>						
183,289	183,289	177,890				
975	975	357		183,289	183,289	177,890
-	-	-		975	975	357
149	-	135				
1,425	1,421	1,542		1,960	1,976	951
722	556	529		149	-	135
<b>186,560</b>	<b>186,241</b>	<b>180,453</b>		1,425	1,421	1,542
				722	556	529
<b>(2,568)</b>	<b>(3,328)</b>	<b>(647)</b>		<b>188,520</b>	<b>188,217</b>	<b>181,404</b>
				<b>(2,568)</b>	<b>(3,328)</b>	<b>(647)</b>
<b>Other Comprehensive Income</b>						
-	-	-		-	-	-
<b>(2,568)</b>	<b>(3,328)</b>	<b>(647)</b>		<b>(2,568)</b>	<b>(3,328)</b>	<b>(647)</b>

The accompanying notes form part of these financial statements.

**Cancer Institute NSW**  
**Statement of Financial Position as at 30 June 2019**

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual	
2019 \$000	2019 \$000	2018 \$000		2019 \$000	2019 \$000	2018 \$000	
<b>ASSETS</b>							
<b>Current Assets</b>							
2,262	500	1,807		2,262	500	1,807	
3,428	3,838	3,347	12	3,428	3,838	3,347	
<b>5,690</b>	<b>4,338</b>	<b>5,154</b>		<b>5,690</b>	<b>4,338</b>	<b>5,154</b>	
<b>Non-Current Assets</b>							
Property, Plant & Equipment							
1,451	3,206	/5/	14	1,451	3,206	/5/	
-	-	154		-	-	154	
<b>1,451</b>	<b>3,206</b>	<b>911</b>		<b>1,451</b>	<b>3,206</b>	<b>911</b>	
8,260	8,989	7,927	15	8,260	8,989	7,927	
<b>9,711</b>	<b>12,195</b>	<b>8,838</b>		<b>9,711</b>	<b>12,195</b>	<b>8,838</b>	
<b>15,401</b>	<b>16,533</b>	<b>13,992</b>		<b>15,401</b>	<b>16,533</b>	<b>13,992</b>	
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
15,611	17,722	12,070	16	15,611	17,722	12,070	
3,653	3,437	3,122	17	3,653	3,437	3,122	
71	/	145	18	71	/	145	
<b>19,335</b>	<b>21,166</b>	<b>15,337</b>		<b>19,335</b>	<b>21,166</b>	<b>15,337</b>	
<b>Non-Current Liabilities</b>							
633	641	647	17	633	641	647	
7	61	14	18	7	61	14	
<b>640</b>	<b>702</b>	<b>661</b>		<b>640</b>	<b>702</b>	<b>661</b>	
<b>19,975</b>	<b>21,868</b>	<b>15,998</b>		<b>19,975</b>	<b>21,868</b>	<b>15,998</b>	
<b>(4,574)</b>	<b>(5,335)</b>	<b>(2,006)</b>		<b>(4,574)</b>	<b>(5,335)</b>	<b>(2,006)</b>	
<b>EQUITY</b>							
(4,574)	(5,335)	(2,006)		(4,574)	(5,335)	(2,006)	
<b>(4,574)</b>	<b>(5,335)</b>	<b>(2,006)</b>		<b>(4,574)</b>	<b>(5,335)</b>	<b>(2,006)</b>	

The accompanying notes form part of these financial statements.

**Cancer Institute NSW**  
**Statement of Changes in Equity for the year ended 30 June 2019**

**PARENT AND CONSOLIDATION**

	<b>Accumulated Funds \$000</b>	<b>Total \$000</b>
Balance at 1 July 2018	(2,006)	(2,006)
Restated balance at 1 July 2018	<u>(2,006)</u>	<u>(2,006)</u>
Net Result for the Year	<u>(2,568)</u>	<u>(2,568)</u>
Total Comprehensive Income for the Year	<u>(2,568)</u>	<u>(2,568)</u>
Balance at 30 June 2019	<u>(4,574)</u>	<u>(4,574)</u>
Balance at 1 July 2017	(1,359)	(1,359)
Restated balance at 1 July 2017	<u>(1,359)</u>	<u>(1,359)</u>
Net Result for the Year	<u>(647)</u>	<u>(647)</u>
Total Comprehensive Income for the Year	<u>(647)</u>	<u>(647)</u>
Balance at 30 June 2018	<u>(2,006)</u>	<u>(2,006)</u>

The accompanying notes form part of these financial statements.

**Cancer Institute NSW**  
**Statement of Cash Flows for the year ended 30 June 2019**

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2019	2019	2018		2019	2019	2018
\$000	\$000	\$000		\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
-	-	-				
(48,124)	(46,452)	(40,888)		(30,948)	(31,827)	(28,351)
(110,471)	(111,505)	(113,765)		(48,124)	(46,452)	(40,888)
(30,948)	(31,827)	(28,351)		(110,471)	(111,505)	(113,765)
<b>(189,543)</b>	<b>(189,784)</b>	<b>(183,004)</b>		<b>(189,543)</b>	<b>(189,784)</b>	<b>(183,004)</b>
<b>Receipts</b>						
183,289	183,289	177,890		183,289	183,289	177,890
975	975	357		975	975	357
229	229	202		229	229	202
617	39	70		617	39	70
1,784	1,780	1,696		1,784	1,780	1,696
8,339	8,153	8,518		8,339	8,153	8,518
<b>195,233</b>	<b>194,465</b>	<b>188,733</b>		<b>195,233</b>	<b>194,465</b>	<b>188,733</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>5,690</b>	<b>4,681</b>	<b>5,729</b>	21	<b>5,690</b>	<b>4,681</b>	<b>5,729</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
(5,235)	(5,988)	(5,622)		(5,235)	(5,988)	(5,622)
<b>(5,235)</b>	<b>(5,988)</b>	<b>(5,622)</b>		<b>(5,235)</b>	<b>(5,988)</b>	<b>(5,622)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>						
-	-	-		-	-	-
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
455	(1,307)	107		455	(1,307)	107
1,807	1,807	1,700	12	1,807	1,807	1,700
<b>2,262</b>	<b>500</b>	<b>1,807</b>	12	<b>2,262</b>	<b>500</b>	<b>1,807</b>

The accompanying notes form part of these financial statements.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**a) The Reporting Entity**

The Cancer Institute NSW was established under the Cancer Institute NSW Act 2003 to address the increasing incidence of cancer and the unacceptable rate of cancer deaths, to relieve suffering and to improve the quality of life of cancer patients and to provide key information to the government and the community thus accelerating the control and cure of cancer.

Following the assenting of the Cancer Institute Amendment Act 2012, the Cancer Institute NSW became subject to the administration of the public health system under the Health Services Act 1997 effective from the 1st of April 2013.

The Cancer Institute NSW is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective).

The Cancer Institute NSW, as a reporting entity, comprises all the entities under its control, namely:

- \* The parent entity, comprises all the operating activities of the Cancer Institute NSW. The Institute works in partnership with all involved in the cancer community to:
  - reduce the incidence of cancer in the community
  - increase the survival rate for cancer patients
  - improve the quality of life of cancer patients and their carers
  - provide a source of expertise on cancer control.

Underpinning the Institute's work are initiatives to improve cancer outcomes across diverse cultural communities, report on the performance of cancer services, engage with primary care and enhance research capabilities across NSW.

- \* The Cancer Institute NSW Special Purpose Service Entity which was established as a Division of the Cancer Institute NSW on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002. As a result of the Cancer Institute (NSW) Amendment Act 2012, the Division was abolished as a Division of the Government Service from 1 July 2013 and re-established as a Division of the NSW Health Service under the Health Services Act 1997. The Division provides personnel services to enable the Cancer Institute NSW to exercise its functions.

As a consequence the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2019 have been authorised for issue by the Chief Cancer Officer and Chief Executive Officer on 23 September 2019.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**b) Basis of Preparation**

The Cancer Institute NSW's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2015, and the NSW Treasurer's Directions issued under the Act. The financial statements comply with the NSW Treasury mandates circular for NSW General Government Sector Entities.

The financial statements of the Cancer Institute NSW have been prepared on a going concern basis.

The Secretary of NSW Health, the Chair of the Cancer Institute NSW Board and the Chief Executive Officer, through the Performance Agreement have agreed to service and funding levels for the forward financial year. The Performance Agreement sets out the level of financial resources for public health services under the Cancer Institute NSW's control and the source of these funds. By agreement, the Performance Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Cancer Institute NSW fails to meet Performance Agreement performance standards, the NSW Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

Other circumstances why the going concern assumption is appropriate include:

- \* Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- \* The Cancer Institute NSW has the capacity to review timing of subsidy cash flows to ensure that debts can be paid when they become due and payable.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Cancer Institute NSW's presentation and functional currency.

**c) Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

**d) Statement of Compliance**

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**e) Employee Benefits and Other Provisions**

*i) Salaries and Wages, Annual Leave, Sick Leave, Allocated Days Off (ADO) and On-Costs*

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave and ADO are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 16% are applied to the value of leave payable at 30 June 2019 (comparable on-costs for 30 June 2018 were 16%). The Cancer Institute NSW has assessed the actuarial advice based on the Cancer Institute NSW's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

*ii) Long Service Leave and Superannuation*

The Cancer Institute NSW's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent.

The Cancer Institute NSW accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Benefits'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Cancer Institute NSW as shown in Note 17.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the long-term Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

*iii) Consequential On-Costs*

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

*iv) Other Provisions*

Other provisions are recognised when the Cancer Institute NSW has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**f) Insurance**

The Cancer Institute NSW's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

**g) Grants and Subsidies**

Grant and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grant and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

**h) Finance Costs**

Finance costs consist of unwinding of present value discount on make good provision. Finance costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**i) Income Recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

*Rendering of Services*

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

*Grants and Other Contributions*

Grants and other contributions, comprising mainly cash and in-kind contributions, are recognised as revenues when control passes to the Cancer Institute NSW and the contractual obligations have been satisfied. In-kind contributions are measured at fair value on transfer date.

*Forgiveness of Liabilities*

The gross amount of a liability forgiven by a credit provider is recognised by the borrower as other income.

*NSW Ministry of Health Allocations*

Payments are made by the immediate parent on the basis of the allocation for the Cancer Institute NSW as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the 'Net Result' on the basis that the allocation is earned in return for the health services provided on behalf of the NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

**j) Accounting for the Goods & Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that the:

- \* amount of GST incurred by the Cancer Institute NSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- \* receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**k) Acquisition of Property, Plant and Equipment**

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

**l) Capitalisation Thresholds**

Property, plant and equipment and Intangibles costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

**m) Depreciation of Property, Plant and Equipment**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Cancer Institute NSW. All material identifiable components of assets are depreciated over their useful lives.

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	
- Computer Equipment	25.0%
- Electro Medical Equipment	
* Costing less than \$200,000	25.0%
- Office Equipment	14.0%
Leasehold Improvements	12.5%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

**n) Revaluation of Non-Current Assets**

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01).

This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Cancer Institute NSW has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

**o) Impairment of Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 Impairment of Assets modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

**p) Restoration Costs**

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**q) Intangible Assets**

The Cancer Institute NSW recognises intangible assets only if it is probable that future economic benefits will flow to the Cancer Institute NSW and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Cancer Institute NSW's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the Cancer Institute NSW are recognised as intangible assets and are amortised over four or ten years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. Some computer software is acquired from the Health Administration Corporation, a controlled entity of the immediate parent.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

**r) Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

**s) Leased Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

*As a lessee:*

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

**t) Receivables**

*Recognition and Measurement*

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

**Subsequent measurement under AASB 9 Financial Instruments (from 1 July 2018)**

The Cancer Institute NSW holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

**Classification and measurement under AASB 139 Financial Instruments: Recognition and Measurement (for comparative period ended 30 June 2018)**

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**u) Impairment of Financial Assets**

**Impairment under AASB 9 (from 1 July 2018)**

The Cancer Institute NSW recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Cancer Institute NSW expects to receive, discounted at the original effective interest rate.

*Receivables*

For trade receivables, the Cancer Institute NSW applies a simplified approach in calculating ECLs. The Cancer Institute NSW recognises a loss allowance based on lifetime ECLs at each reporting date. The Cancer Institute NSW has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

**Impairment of financial assets under AASB 139 (for the comparative period ended 30 June 2018)**

Receivables are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Cancer Institute NSW will not be able to collect all amounts due, as a result of one or more events that occurred after the initial recognition of the asset, the estimated cash flows have been affected.

For receivables, the Cancer Institute NSW first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

**v) De-recognition of Financial Assets and Financial Liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- \* the Cancer Institute NSW has transferred substantially all the risks and rewards of the asset; or
- \* the Cancer Institute NSW has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Cancer Institute NSW has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Cancer Institute NSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Cancer Institute NSW continuing involvement in the asset. In that case, the Cancer Institute NSW also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**w) Payables**

Payables represent liabilities for goods and services provided to the Cancer Institute NSW and other amounts.

Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Subsequent measurement is at amortised cost using the effective interest method.

Gains and losses are recognised in the Net Result when the liabilities are derecognised as well as through the amortisation process.

**x) Fair Value Hierarchy**

A number of the Cancer Institute NSW's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 Fair Value Measurement, the Cancer Institute NSW categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant & Equipment and Leasehold Improvements are not required to be reported under the fair value hierarchy.

Refer to Note 25 for further disclosures regarding fair value measurements of financial assets.

**y) Equity and Reserves**

**(i) Accumulated Funds**

The category 'accumulated funds' includes all current and prior period retained funds.

**z) Adjusted Budget Amounts**

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Cancer Institute NSW's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, the Cancer Institute NSW's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Performance Agreement between the Cancer Institute NSW and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant column entries in the financial statements are denoted as 'Unaudited'.

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 24.

**aa) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards**

**(i) Effective for the first time in 2018-19**

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The Cancer Institute NSW has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

The Cancer Institute NSW applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the Statement of Financial Position (increase / (decrease)) as at 1 July 2018 is set out below:

	Notes	1 July 2018 \$'000
Assets		
Receivables	13	-
<b>Total Adjustment on equity</b>		-
Accumulated funds		-

a) *Classification and measurement of financial instruments*

On 1 July 2018 (the date of initial application of AASB 9), the Cancer Institute NSW's management has assessed which business models apply to the financial assets by the Cancer Institute NSW and has classified its financial instruments into the appropriate AASB 9 categories. The classification and measurement requirements of AASB 9 did not have a material impact to the Cancer Institute NSW.

The impact of transition to AASB 9 on reserves and accumulated funds is, as follows:

	Notes	Accumulated funds \$'000	Total change in equity \$'000
Closing balance 30 June 2018 - AASB 139		(2,006)	(2,006)
Recognition of AASB 9 expected credit losses	13	-	-
<b>Total impact</b>		-	-
Opening balance 1 July 2018 - AASB 9		(2,006)	(2,006)

The Cancer Institute NSW continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the Cancer Institute NSW's financial assets:

- Trade receivables and other financial assets classified as 'Loans and receivables' (L&R) under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

- The Cancer Institute NSW has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the Cancer Institute NSW's financial liabilities.

In summary, upon the adoption of AASB 9, the Cancer Institute NSW had the following required or elected reclassifications as at 1 July 2018:

AASB 139 measurement category	Measurement category		Carrying amount		Difference \$'000
	AASB 139	AASB 9	Original \$'000	New \$'000	
Receivables	L&R	Amortised cost	3,347	3,347	-

b) *Impairment*

The adoption of AASB 9 has changed the Cancer Institute NSW's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Cancer Institute NSW to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss. The classification and measurement requirements of AASB 9 did not have a material impact to the Cancer Institute NSW.

Set out below is the reconciliation of the closing impairment allowances under AASB 139 to the opening loss allowances determined under AASB 9:

	Allowance for impairment under AASB 139 as at 30 June 2018 \$'000	ECL under AASB 9 as at 1 July 2018 Re-measurement \$'000	\$'000
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	-	-	-

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**(ii) Issued but not yet effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Cancer Institute NSW have not been applied and are not yet effective. The possible impact of these Accounting Standards in the period of initial application includes:

AASB 16 Leases replaces all existing lease requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 Leases will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset rather than operating lease expense.

The new standard will gross up the Statement of Financial Position and change Statement of Comprehensive Income and cash flow presentation. Rent and lease expense will be replaced by depreciation and interest expense in Statement of Comprehensive Income. This results in a front-loaded lease expense, decreasing the net result and equity position. The Statement of Cash Flows for lessees will also be affected as payments for the principal portion of the lease liability will be presented within financing activities.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated a modified retrospective application of this accounting standard.

AASB 15 Revenue from Contracts with Customers (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. AASB 15 Revenue from Contracts with Customers establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers. This new standard requires revenue to be recognised when control of the goods or services are transferred to the customer at the transaction price. This may impact the timing of recognising certain revenue currently recognised by reference to the stage of completion of the transaction.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 Income of Not-for-Profit Entities also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and is effective for annual periods beginning on or after 1 January 2020. This standard requires the grantor to recognise a service concession asset in a service concession arrangement where it controls the asset. A corresponding financial liability and/or grant of right liability is also recognised depending on the nature of the consideration exchanged. Service concession assets (including those provided by the operator, an upgrade to or a major component replacement of an existing asset of the grantor; and existing assets of the grantor – also applicable to previously unrecognised intangible assets except goodwill) are initially measured at current replacement cost based on AASB 13 Fair Value Measurement principles. They are subsequently accounted for under AASB 116 Property, Plant & Equipment or AASB 138 Intangible Assets. Service concession liabilities are initially measured at the same amount as the service concession asset and subsequently measured using either the 'financial liability' model applying AASB 9 Financial Instruments or, the 'grant of right' model under AASB 1059 Service Concession Arrangements. AASB 1059 Service Concession Arrangements requires retrospective application.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**1. Statement of Significant Accounting Policies**

**Overview of Assessment Activities**

The Ministry of Health has formed a project team to lead the implementation of the new accounting standards. The objective of the project is to continuously analyse and assess the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

The project team has conducted various data gathering tasks with health entities around leases and certain revenue streams.

Work currently underway includes:

- \* implementation of an IT solution for lease management and accounting
- \* comprehensive review and capture of lease information
- \* review of accounting policies and processes surrounding leases and revenue.

**Potential Impact on the Cancer Institute NSW's Financial Report**

While the consolidated entity, controlled by the ultimate parent, is yet to complete full implementation and adoption of the new accounting standards, the following summarises the work undertaken by the Cancer Institute NSW so far and the known and expected impacts:

*Leases*

- \* The Cancer Institute NSW subleases premises through Property NSW, an entity controlled by the ultimate parent.
- \* Assets and Liabilities reported in the Statement of Financial Position will not change.
- \* Interest expenses and depreciation reported in the Statement of Comprehensive Income will not change.

*Revenue and Income of Not-for-Profit Entities*

Cancer Institute NSW in consultation with the NSW Ministry of Health has performed a preliminary impact assessment by the major revenue lines. The review has not indicated any material impact arising from the adoption of the new revenue accounting standard. The likely impacts are:

- \* Deferral of 'Grants and Other Contributions' revenue. The impacts are not expected to be material as most funds received correlate to the level of activities performed during the year and most contracts are short to medium term only. Some timing differences are expected between inflow of funds and the level of activity, which may require some deferral or accrual of grant and other contribution revenue.
- \* Specific quantitative and qualitative disclosures will be required under AASB 15 Revenue from Contracts with Customers.

*Service Concession Arrangements*

The work on Service Concession Arrangements is in progress. The Cancer Institute NSW expects no impact from the preliminary work performed so far.

**Application Date**

The Cancer Institute NSW plans to adopt the new accounting standards on the required effective date in line with the NSW Treasury's instructions.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>2. Employee Related Expenses</b>		
-	-	Salaries and Wages (including Annual Leave and ADO)	28,522	25,940
-	-	Superannuation - Defined Benefit Plans	15	13
-	-	Superannuation - Defined Contribution Plans	2,564	2,309
-	-	Long Service Leave	2,112	1,023
-	-	Redundancies	-	376
-	-	Workers' Compensation Insurance	85	72
-	-	Fringe Benefits Tax	49	45
-	-		<b>33,347</b>	<b>29,778</b>
		The amounts below are capitalised and do not form part of the above total employee related costs:		
-	-	Employee Related Expenses Capitalised - Intangibles	437	493
-	-		<b>437</b>	<b>493</b>
		<b>3. Personnel Services</b>		
28,522	25,940	Salaries and Wages (including Annual Leave and ADO)	-	-
2,564	2,309	Superannuation - Defined Contribution Plans	-	-
167	85	Long Service Leave	-	-
-	376	Redundancies	-	-
85	72	Workers' Compensation Insurance	-	-
49	45	Fringe Benefits Tax	-	-
<b>31,387</b>	<b>28,827</b>		<b>-</b>	<b>-</b>
		Personnel services of Cancer Institute NSW were provided by its controlled entity, Cancer Institute NSW Special Purpose Service Entity.		
		The amounts below are capitalised and do not form part of the above total personnel services:		
437	493	Personnel Services Expenses Capitalised - Intangibles	-	-
<b>437</b>	<b>493</b>		<b>-</b>	<b>-</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>4. Other Expenses</b>		
15,450	12,808	Advertising	15,450	12,808
50	67	Auditor's Remuneration - Audit of Financial Statements	50	67
749	420	Consultancies	749	420
20,328	15,394	Contractors	20,328	15,394
70	56	Domestic Supplies and Services	70	56
53	46	Food Supplies	53	46
65	59	Fuel, Light and Power	65	59
4,919	2,729	Information Management Expenses	4,919	2,729
1,186	794	Maintenance (See Note 4(b))	1,186	794
1	2	Motor Vehicle Expenses	1	2
298	731	Postal and Telephone Costs	298	731
336	545	Printing and Stationery	336	545
2,122	1,592	Rental	2,122	1,592
-	12	Specialised Services (Radiology)	-	12
627	437	Staff Related Costs	627	437
635	419	Travel Related Costs	635	419
1,529	3,082	Other (See Note 4(a))	1,529	3,082
<b>48,418</b>	<b>39,193</b>		<b>48,418</b>	<b>39,193</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>4. Other Expenses</b>		
		<b>a) Other Includes:</b>		
332	200	Corporate Support Services	332	200
5	7	Courier and Freight	5	7
18	67	Legal Services	18	67
51	57	Membership/Professional Fees	51	57
1,123	2,751	Other Miscellaneous	1,123	2,751
<b>1,529</b>	<b>3,082</b>		<b>1,529</b>	<b>3,082</b>
		<b>b) Reconciliation of Total Maintenance</b>		
18	74	Maintenance Contracts	18	74
1,097	687	New/Replacement Equipment under \$10,000	1,097	687
71	33	Repairs Maintenance/Non Contract	71	33
1,186	794	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	1,186	794
<b>1,186</b>	<b>794</b>		<b>1,186</b>	<b>794</b>

'Auditor's Remuneration' was paid to The Audit Office of New South Wales, an entity controlled by the ultimate parent.

Some 'Information Management Expenses' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

'Corporate Support Services' expenses were paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some 'Staff Related Costs' were paid to entities controlled by the immediate parent.

Some 'Rental' expenses were paid to Property NSW, an entity controlled by the ultimate parent.

Some 'Legal Services' were paid to the Crown Solicitors Office, an entity controlled by the ultimate parent.

Some 'Other Miscellaneous' expenses were paid to entities controlled by the immediate parent.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>5. Depreciation and Amortisation</b>		
257	211	Depreciation - Plant and Equipment	257	211
154	496	Amortisation - Leasehold Improvements	154	496
2,220	1,986	Amortisation - Intangible Assets	2,220	1,986
<b>2,631</b>	<b>2,693</b>		<b>2,631</b>	<b>2,693</b>
		<b>6. Grants and Subsidies</b>		
27,146	30,266	Grants to Research Organisations	27,146	30,266
79,318	79,505	Grants Paid to Entities Controlled by the Immediate Parent	79,318	79,505
205	613	Other Grants	205	613
<b>106,669</b>	<b>110,384</b>		<b>106,669</b>	<b>110,384</b>
		<b>7. Finance Costs</b>		
23	3	Unwinding of Present Value Discount	23	3
<b>23</b>	<b>3</b>		<b>23</b>	<b>3</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

<b>PARENT</b>		<b>CONSOLIDATION</b>	
2019	2018	2019	2018
\$000	\$000	\$000	\$000
<b>8. Sale of Goods and Services</b>			
<b>Rendering of Services comprise the following:-</b>			
149	135	149	135
<u>149</u>	<u>135</u>	<u>149</u>	<u>135</u>

'Shared Corporate Services' revenue was earned from Health Administration Corporation, an entity controlled by the immediate parent.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
<b>9. Grants and Other Contributions</b>				
914	762	Commonwealth Government Grants	914	762
50	186	Grants & Contributions Received from Entities Controlled by the Immediate Parent	50	186
461	594	Other Grants	461	594
<b>1,425</b>	<b>1,542</b>		<b>1,425</b>	<b>1,542</b>

'Grants & Contributions Received from Entities Controlled by the Immediate Parent' were received from the immediate parent for project allocations.

**10. Acceptance by the Crown Entity of Employee Benefits**

The following liabilities and expenses have been assumed by the Crown Entity:

-	-	Superannuation - Defined Benefit Plans	15	13
-	-	Long Service Leave Provision	1,945	938
<b>-</b>	<b>-</b>		<b>1,960</b>	<b>951</b>

**11. Other Income**

722	529	Cost Recovery Revenue	722	529
<b>722</b>	<b>529</b>		<b>722</b>	<b>529</b>

Some 'Cost Recovery Revenue' was received from entities controlled by the ultimate parent.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>12. Cash and Cash Equivalents</b>		
<u>2,262</u>	<u>1,807</u>	Cash at Bank and On Hand	<u>2,262</u>	<u>1,807</u>
<b><u>2,262</u></b>	<b><u>1,807</u></b>		<b><u>2,262</u></b>	<b><u>1,807</u></b>
		For the purposes of the Statement of Cash Flows, 'Cash and Cash Equivalents' includes cash at bank and cash on hand.		
		Cash and Cash Equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
<u>2,262</u>	<u>1,807</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>2,262</u>	<u>1,807</u>
<b><u>2,262</u></b>	<b><u>1,807</u></b>	<b>Closing Cash and Cash Equivalents (per Statement of Cash Flows)</b>	<b><u>2,262</u></b>	<b><u>1,807</u></b>

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>13. Receivables</b>		
		<b>Current</b>		
208	168	Sale of Goods and Services	208	168
204	675	Intra Health Receivables	204	675
2,051	1,594	Goods and Services Tax	2,051	1,594
57	34	Other Debtors	57	34
<b>2,520</b>	<b>2,471</b>	<b>Sub Total</b>	<b>2,520</b>	<b>2,471</b>
-	-	Less: Allowance for Expected Credit Losses	-	-
-	-	Less: Allowance for Impairment	-	-
<b>2,520</b>	<b>2,471</b>	<b>Sub Total</b>	<b>2,520</b>	<b>2,471</b>
908	876	Prepayments	908	876
<b>3,428</b>	<b>3,347</b>		<b>3,428</b>	<b>3,347</b>

Expected Credit Losses were assessed to be nil based of historical receivable balances.

The Cancer Institute NSW has not identified impairment of receivables.

'Intra Health Receivables' are amounts receivable from entities controlled by the immediate parent.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>14. Property, Plant and Equipment</b>		
		<b>Plant and Equipment - Fair Value*</b>		
3,525	2,627	Gross Carrying Amount	3,525	2,627
2,074	1,870	Less: Accumulated Depreciation and Impairment	2,074	1,870
<u>1,451</u>	<u>757</u>	<b>Net Carrying Amount</b>	<u>1,451</u>	<u>757</u>
		<b>Leasehold Improvements - Fair Value*</b>		
3,832	3,832	Gross Carrying Amount	3,832	3,832
3,832	3,678	Less: Accumulated Depreciation and Impairment	3,832	3,678
<u>-</u>	<u>154</u>	<b>Net Carrying Amount</b>	<u>-</u>	<u>154</u>
<u>1,451</u>	<u>911</u>	<b>Total Property, Plant and Equipment at Net Carrying Amount</b>	<u>1,451</u>	<u>911</u>

\* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**PARENT AND CONSOLIDATION**

**14. Property, Plant and Equipment - Reconciliation**

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
<b>2019</b>			
Net Carrying Amount at Beginning of Year	757	154	911
Additions	2,706	-	2,706
Reclassifications to Intangibles	(24)	-	(24)
Transfers within NSW Health Entities through Statement of Comprehensive Income	(1,731)	-	(1,731)
Depreciation Expense	(257)	(154)	(411)
<b>Net Carrying Amount at End of Year</b>	<b>1,451</b>	<b>-</b>	<b>1,451</b>

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
<b>2018</b>			
Net Carrying Amount at Beginning of Year	704	650	1,354
Additions	2,823	-	2,823
Reclassifications to Intangibles	-	-	-
Transfers within NSW Health Entities through Statement of Comprehensive Income	(2,559)	-	(2,559)
Depreciation Expense	(211)	(496)	(707)
<b>Net Carrying Amount at End of Year</b>	<b>757</b>	<b>154</b>	<b>911</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>15. Intangible Assets</b>		
		<i>Intangibles</i>		
16,873	14,320	Cost (Gross Carrying Amount)	16,873	14,320
8,613	6,393	Less: Accumulated Amortisation and Impairment	8,613	6,393
<u>8,260</u>	<u>7,927</u>	<b>Net Carrying Amount</b>	<u>8,260</u>	<u>7,927</u>
<u><b>8,260</b></u>	<u><b>7,927</b></u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u><b>8,260</b></u>	<u><b>7,927</b></u>

**PARENT AND CONSOLIDATION**

**15. Intangible Assets - Reconciliation**

	<b>Total</b>
	<b>\$000</b>
<b>2019</b>	
Net Carrying Amount at Beginning of Year	7,927
Additions - Internal Development	2,529
Reclassifications from Plant & Equipment	24
Amortisation (Recognised in Depreciation and Amortisation)	(2,220)
<b>Net Carrying Amount at End of Year</b>	<b>8,260</b>
	<b>Total</b>
	<b>\$000</b>
<b>2018</b>	
Net Carrying Amount at Beginning of Year	7,115
Additions - Internal Development	2,798
Reclassifications from Plant & Equipment	-
Amortisation (Recognised in Depreciation and Amortisation)	(1,986)
<b>Net Carrying Amount at End of Year</b>	<b>7,927</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>16. Payables</b>		
		<b>Current</b>		
-	-	Accrued Salaries, Wages and On-Costs	489	381
-	-	Taxation and Payroll Deductions	428	357
917	738	Accrued Liability - Purchase of Personnel Services	-	-
1,312	1,569	Creditors	1,312	1,569
		Other Creditors		
7,371	7,179	- Payables to Entities Controlled by the Immediate Parent	7,371	7,179
6,011	2,584	- Accrued Expenses	6,011	2,584
<b>15,611</b>	<b>12,070</b>		<b>15,611</b>	<b>12,070</b>

'Creditors' and 'Accrued Expenses' include some amounts owing to entities controlled by the ultimate parent.

The majority of 'Payables to Entities Controlled by the Immediate Parent' relate to balances payable to the Health Administration Corporation and Local Health Districts, entities controlled by the immediate parent.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 25.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		<b>17. Provisions</b>		
		<b>Current</b>		
-	-	Annual Leave - Short Term Benefit	2,529	2,142
-	-	Annual Leave - Long Term Benefit	459	500
-	-	Long Service Leave Consequential On-Costs	469	316
-	-	Provision for Other Employee Benefits	196	164
3,653	3,122	Provision for Personnel Services Liability	-	-
<b>3,653</b>	<b>3,122</b>		<b>3,653</b>	<b>3,122</b>
		<b>Non-Current</b>		
-	-	Long Service Leave Consequential On-Costs	41	27
41	27	Provision for Personnel Services Liability	-	-
592	620	Other	592	620
<b>633</b>	<b>647</b>		<b>633</b>	<b>647</b>
		<b>Aggregate Employee Benefits and Related On-Costs</b>		
-	-	Provisions - Current	3,653	3,122
-	-	Provisions - Non-Current	41	27
-	-	Accrued Salaries, Wages and On-Costs, Taxation and Payroll Deductions (Note 16)	917	738
4,611	3,887	Liability - Purchase of Personnel Services	-	-
<b>4,611</b>	<b>3,887</b>		<b>4,611</b>	<b>3,887</b>
		<b>Movements in provisions (other than employee benefits)</b>		
		<b>Movements in 'Other' provisions during the financial year, are set below:</b>		
620	616	Carrying Amount at 1 July	620	616
23	4	- Additional Provisions Recognised	23	4
(51)	-	- Unused Amounts Reversed	(51)	-
<b>592</b>	<b>620</b>	Carrying Amount at 30 June	<b>592</b>	<b>620</b>
		<b>18. Other Liabilities</b>		
		<b>Other Current Liabilities</b>		
71	7	Unearned Revenue	71	7
-	138	Other	-	138
<b>71</b>	<b>145</b>		<b>71</b>	<b>145</b>
		<b>Other Non-Current Liabilities</b>		
7	14	Unearned Revenue	7	14
<b>7</b>	<b>14</b>		<b>7</b>	<b>14</b>

Other Non-Current Liabilities are for makegood of leased premises as required in the conditions of the lease.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
		<b>19. Commitments</b>		
		<b>a) Operating Lease Commitments</b>		
		<i>Entity as Lessee</i>		
		Future minimum rentals payable under non-cancellable operating leases at balance date are, as follows:		
2,239	2,117	Within one year	2,239	2,117
5,480	7,671	Later than one year and not later than five years	5,480	7,671
-	-	Later than five years	-	-
<b>7,719</b>	<b>9,788</b>	<b>Total (Including GST)</b>	<b>7,719</b>	<b>9,788</b>

The operating lease commitments above are for leased premises.

Operating lease payments mainly represent rental payable for certain properties. Some of these operating lease arrangements have renewal options and rental escalation clauses, though the effect of these is not material. No arrangements have been entered into for contingent rental payments. The total minimum lease payments expected to be made under non-cancellable leases until 31 October 2022 is \$7.7 million (2018: \$9.8 million). Expected outflow in November 2022, \$592K (2018: \$619K) dependent upon agreed terms of the current lease extension which is under negotiation.

'Operating Lease Commitments' contracted but not provided for related to leases with Property NSW, an entity controlled by the ultimate parent.

**b) Input Tax Receivable Related to Commitments for Expenditure**

'Operating Lease Commitments (Entity as Lessee)' of \$7.7 million as at 30 June 2019 includes input tax credits of \$0.7 million that are expected to be recoverable from the Australian Taxation Office (2018 \$0.9 million).

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**PARENT AND CONSOLIDATION**

**20. Joint Arrangements**

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses and the share of movements in reserves is recognised in reserves in the Statement of Comprehensive Income and the Statement of Changes in Equity.

The Cancer Institute NSW has not entered into Joint Arrangements.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>21. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
5,690	5,729	Net Cash Used on Operating Activities	5,690	5,729
(2,631)	(2,693)	Depreciation and Amortisation Expense	(2,631)	(2,693)
(57)	6	(Increase) / Decrease in Unearned Revenue	(57)	6
(517)	(624)	Increase in Provisions	(517)	(624)
39	(462)	Increase / (Decrease) in Prepayments and Other Assets	39	(462)
(3,361)	(44)	Increase in Payables	(3,361)	(44)
(1,731)	(2,559)	Assets Contributed to Other Health Entities	(1,731)	(2,559)
<b>(2,568)</b>	<b>(647)</b>	<b>Net Result</b>	<b>(2,568)</b>	<b>(647)</b>
<b>22. Non-Cash Financing and Investing Activities</b>				
-	34	Assets Received by Donation	-	34
<b>-</b>	<b>34</b>		<b>-</b>	<b>34</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**PARENT AND CONSOLIDATION**

**23. 2018/19 Voluntary Services**

It is considered impracticable to quantify the monetary value of voluntary services provided to the Cancer Institute NSW. Services received free, or for nominal consideration include participation in various Cancer Institute NSW committees.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**PARENT AND CONSOLIDATION**

**24. Adjusted Budget Review**

**Net Result**

The actual Net Result was higher than adjusted budget by \$0.8 million, primarily due to savings in employee related expenses and contracted services, and, higher grant contributions. Higher cost recovery revenue was also received.

**Assets and Liabilities**

Actual assets as at 30 June 2019, were lower than budget by \$1.1 million primarily due to lower investments in a capital program during the year. Payables actual balance was \$2.1 million under budget due to timing of trade creditor payments.

As at 30 June 2019 the Cancer Institute NSW had a net asset deficiency of \$4.6 million which included intra-health payables of \$7.4 million. However, the Performance Agreement with the immediate parent for the next financial year ensures the Cancer Institute NSW has sufficient funds to meet its obligations.

**Cash Flows**

Actual cash balance of \$2.2 million is over the cash holding requirement as per Ministry of Health guidelines. This is due to the increased cash requirement to meet high year-end trade creditors due for payment.

Actual cash flow from investing activities was \$0.8 million under budget due to timing differences in the delivery of a capital program.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation to 30 June 2019 are as follows:

	<b>\$000</b>
Initial Allocation, July 2018	186,829
National Bowel Cancer Program	3,994
Recurrent Subsidy Adjustment	(7,107)
Other	(427)
<b>Balance as per Statement of Comprehensive Income</b>	<b>183,289</b>

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**25. Financial Instruments**

The Cancer Institute NSW's principal financial instruments are outlined below. These financial instruments arise directly from the Cancer Institute NSW's operations or are required to finance its operations. The Cancer Institute NSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Cancer Institute NSW's main risks arising from financial instruments are outlined below, together with the Cancer Institute NSW's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Cancer Officer and Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Cancer Institute NSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**a) Financial Instrument Categories**

**i. As at 30 June 2019 under AASB 9**

**PARENT AND CONSOLIDATION**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount</b>
		<b>2019</b>
		<b>\$000</b>
Cash and Cash Equivalents (Note 12)	N/A	2,262
Receivables (Note 13) <sup>1</sup>	Amortised cost	469
<b>Total Financial Assets</b>		<b>2,731</b>
<b>Financial Liabilities</b>		
Payables (Note 16) <sup>2</sup>	Financial liabilities measured at amortised cost	15,183
<b>Total Financial Liabilities</b>		<b>15,183</b>

**Notes**

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

**ii. As at 30 June 2018 under AASB 139 (comparative period)**

**PARENT AND CONSOLIDATION**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount</b>
		<b>2018</b>
		<b>\$000</b>
Cash and Cash Equivalents (Note 12)	N/A	1,807
Receivables (Note 13) <sup>1</sup>	Loans and receivables (at amortised cost)	877
<b>Total Financial Assets</b>		<b>2,684</b>
<b>Financial Liabilities</b>		
Payables (Note 16) <sup>2</sup>	Financial liabilities measured at amortised cost	11,713
<b>Total Financial Liabilities</b>		<b>11,713</b>

**Notes**

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**25. Financial Instruments**

**b) Financial Risk**

**i. Credit Risk**

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Cancer Institute NSW. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

Credit risk arises from financial assets of the Cancer Institute NSW, including cash, receivables and authority deposits. No collateral is held by the Cancer Institute NSW. The Cancer Institute NSW has not granted any financial guarantees.

Credit risk associated with the Cancer Institute NSW's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Cancer Institute NSW considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Cancer Institute NSW may also consider a financial asset to be in default when internal or external information indicates that the Cancer Institute NSW is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Cancer Institute NSW.

**Cash and Cash Equivalents**

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. No interest is earned on daily bank balances.

**Accounting policy for impairment of Trade Debtors under AASB 9**

**Receivables - Trade Debtors**

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Cancer Institute NSW applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Cancer Institute NSW has not identified any relevant factors, and accordingly not adjusted the historical loss rates based on no expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 120 days past due.

The loss allowance for trade debtors (Sale of Goods and Services) as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

	Current \$'000	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	>91 days \$'000	Total \$'000
<b>30 June 2019</b>						
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	114	-	89	2	3	208
Expected credit loss	-	-	-	-	-	-
<b>1 July 2018</b>						
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	168	-	-	-	-	168
Expected credit loss	-	-	-	-	-	-

The Cancer Institute NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**25. Financial Instruments**

**Accounting policy for impairment of Trade Debtors under AASB 139 (comparative period only)**

**Receivables - Trade Debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Cancer Institute NSW will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Cancer Institute NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due are not considered impaired.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	<b>2018</b>
	<b>\$000</b>
Neither past due nor impaired	877
Past due but not impaired <sup>1,2</sup>	
< 3 months overdue	-
3 - 6 months overdue	-
> 6 months overdue	-
Impaired <sup>1,2</sup>	
< 3 months overdue	-
3 - 6 months overdue	-
> 6 months overdue	-
<b>Total <sup>1,2</sup></b>	<b>877</b>

**Notes**

*1 The table reports 'gross receivables'.*

*2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of Financial Position.*

**ii. Liquidity Risk**

Liquidity risk is the risk that the Cancer Institute NSW will be unable to meet its payment obligations when they fall due. The Cancer Institute NSW continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

The Cancer Institute NSW has negotiated no loan outside of arrangements with the NSW Ministry of Health or NSW Treasury.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral.

The Cancer Institute NSW has exposure to liquidity risk. However, the risk is minimised by the Performance Agreement with the NSW Ministry of Health, as the annual Performance Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Cancer Institute NSW fails to meet Performance Agreement standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**25. Financial Instruments**

The table below summarises the maturity profile of the Cancer Institute NSW's financial liabilities together with the interest rate exposure.

***Maturity Analysis and interest rate exposure of financial liabilities***

	Interest Rate Exposure	Maturity Dates	
	Nominal Amount <sup>1</sup>	Non - Interest Bearing	< 1 Yr
	\$000	\$000	\$000
<b>2019</b>			
Payables:			
- Creditors <sup>2</sup>	15,183	15,183	15,183
	<b>15,183</b>	<b>15,183</b>	<b>15,183</b>
<b>2018</b>			
Payables:			
- Creditors <sup>2</sup>	11,713	11,713	11,713
	<b>11,713</b>	<b>11,713</b>	<b>11,713</b>

**Notes:**

*1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Cancer Institute NSW can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.*

*2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).*

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**25. Financial Instruments**

**iii. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Cancer Institute NSW has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Cancer Institute NSW operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Cancer Institute NSW does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income or available for sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

		-1%		+1%	
	Carrying Amount \$000	Net Result \$000	Equity \$000	Net Result \$000	Equity \$000
<b>2019</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2,262	(23)	(23)	23	23
Receivables	469	-	-	-	-
<b>Financial Liabilities</b>					
Payables <sup>1</sup>	15,183	-	-	-	-
<b>2018</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,807	(18)	(18)	18	18
Receivables	877	-	-	-	-
<b>Financial Liabilities</b>					
Payables <sup>1</sup>	11,713	-	-	-	-

<sup>1</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

**c) Fair Value Measurement**

**i. Fair value compared to carrying amount**

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value because of the short term nature of many of the financial instruments.

Therefore the fair value of the financial instruments do not differ from the carrying amount.

**Cancer Institute NSW**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2019**

**26. Related Party Transactions**

**PARENT AND CONSOLIDATION**

Key management personnel compensation is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Short-Term Employee Benefits	108	99
Post-Employment Benefits	11	9
Other Long-Term Benefits	22	23
Termination Benefits	-	-
	<b>141</b>	<b>131</b>

During the financial year, Cancer Institute NSW obtained key management personnel services from the immediate parent and incurred \$531K (2018: \$397K) for these services.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

**Transactions with key management personnel and their close family members**

There were no transactions with key management personnel and their close family members (2018: \$Nil).

**Transactions with the ultimate parent**

There were no transactions with the ultimate parent during the financial year (2018: \$Nil).

**27. Events After the Reporting Period**

The Institute has not identified any events or transactions that are material to require adjustments or disclosures in the financial statements.

**END OF AUDITED FINANCIAL STATEMENTS**