



## 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 2020, the Statement of Financial Position as at 30 June 2020, 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 2020, 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 (including Independence Standards)' (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 30. 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.

## **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.

The scope of my audit does not include, nor 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.

A handwritten signature in cursive script that reads "D. Ryan".

Dominika Ryan  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

14 September 2020  
SYDNEY

# Cancer Institute NSW

## Certification of the Financial Statements

for the year ended 30 June 2020

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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 2020 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.

A handwritten signature in black ink, appearing to read "David Currow".

Prof. David Currow  
**Chief Cancer Officer and Chief Executive Officer**  
10 September 2020

A handwritten signature in black ink, appearing to read "Morris Iemma".

The Hon. Morris Iemma  
**Chairperson**  
10 September 2020

# Cancer Institute NSW

## Statement of Comprehensive Income for the year ended 30 June 2020

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
		2020	2020	2019	2020	2019
	Notes	\$000	\$000	\$000	\$000	\$000
<b>Continuing operations</b>						
<b>Expenses excluding losses</b>						
Employee related expenses	2	33,673	37,542	33,347	-	-
Personnel services	3	-	-	-	32,467	31,387
Visiting medical officers	4	54	-	-	54	-
Other expenses	5	43,346	45,208	48,418	43,346	48,418
Depreciation and amortisation	6	3,858	3,412	2,631	3,858	2,631
Grants and subsidies	7	95,994	92,110	106,669	95,994	106,669
Finance costs	8	90	100	23	90	23
<b>Total expenses excluding losses</b>		<b>177,015</b>	<b>178,372</b>	<b>191,088</b>	<b>175,809</b>	<b>189,128</b>
<b>Revenue</b>						
NSW Ministry of Health recurrent allocations	10	175,630	172,738	183,289	175,630	183,289
NSW Ministry of Health capital allocations	10	975	975	975	975	975
Acceptance by the Crown Entity of employee benefits	13	1,206	1,201	1,960	-	-
Sale of goods and services	11	-	-	149	-	149
Sale of goods and services from contracts with customers	11	155	-	-	155	-
Grants and other contributions	12	1,079	724	1,425	1,079	1,425
Other income	14	1,481	787	722	1,481	722
<b>Total revenue</b>		<b>180,526</b>	<b>176,425</b>	<b>188,520</b>	<b>179,320</b>	<b>186,560</b>
<b>Operating result</b>		<b>3,511</b>	<b>(1,947)</b>	<b>(2,568)</b>	<b>3,511</b>	<b>(2,568)</b>
Other gains / (losses)	15	(2,898)	-	-	(2,898)	-
<b>Net result from continuing operations</b>	28	<b>613</b>	<b>(1,947)</b>	<b>(2,568)</b>	<b>613</b>	<b>(2,568)</b>
<b>Net result</b>		<b>613</b>	<b>(1,947)</b>	<b>(2,568)</b>	<b>613</b>	<b>(2,568)</b>
<b>Other comprehensive income</b>						
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>613</b>	<b>(1,947)</b>	<b>(2,568)</b>	<b>613</b>	<b>(2,568)</b>

<sup>1</sup> Unaudited adjusted budget, see Note 30.

The accompanying notes form part of these financial statements.

# Cancer Institute NSW

## Statement of Financial Position as at 30 June 2020

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget <sup>1</sup>	Actual	Actual	Actual
		2020	2020	2019	2020	2019
	Notes	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	16	504	500	2,262	504	2,262
Receivables	17	3,050	2,934	3,428	3,050	3,428
<b>Total current assets</b>		<b>3,554</b>	<b>3,434</b>	<b>5,690</b>	<b>3,554</b>	<b>5,690</b>
<b>Non-current assets</b>						
Property, plant & equipment	18					
- Plant and equipment		253	2,879	1,451	253	1,451
Total property, plant & equipment		253	2,879	1,451	253	1,451
Right-of-use assets	19	2,179	3,948	-	2,179	-
Intangible assets	20	8,363	7,419	8,260	8,363	8,260
<b>Total non-current assets</b>		<b>10,795</b>	<b>14,246</b>	<b>9,711</b>	<b>10,795</b>	<b>9,711</b>
<b>Total assets</b>		<b>14,349</b>	<b>17,680</b>	<b>15,401</b>	<b>14,349</b>	<b>15,401</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	22	7,647	15,684	15,611	7,647	15,611
Contract liabilities	23	289	-	-	289	-
Borrowings	24	2,165	1,677	-	2,165	-
Provisions	25	4,981	3,735	3,653	4,981	3,653
Other current liabilities	26	-	70	71	-	71
<b>Total current liabilities</b>		<b>15,082</b>	<b>21,166</b>	<b>19,335</b>	<b>15,082</b>	<b>19,335</b>
<b>Non-current liabilities</b>						
Borrowings	24	2,930	2,360	-	2,930	-
Provisions	25	298	669	633	298	633
Other non-current liabilities	26	-	7	7	-	7
<b>Total non-current liabilities</b>		<b>3,228</b>	<b>3,036</b>	<b>640</b>	<b>3,228</b>	<b>640</b>
<b>Total liabilities</b>		<b>18,310</b>	<b>24,202</b>	<b>19,975</b>	<b>18,310</b>	<b>19,975</b>
<b>Net assets</b>		<b>(3,961)</b>	<b>(6,522)</b>	<b>(4,574)</b>	<b>(3,961)</b>	<b>(4,574)</b>
<b>EQUITY</b>						
Accumulated funds		(3,961)	(6,522)	(4,574)	(3,961)	(4,574)
<b>Total Equity</b>		<b>(3,961)</b>	<b>(6,522)</b>	<b>(4,574)</b>	<b>(3,961)</b>	<b>(4,574)</b>

<sup>1</sup> Unaudited adjusted budget, see Note 30.

The accompanying notes form part of these financial statements.

# Cancer Institute NSW

## Statement of Changes in Equity for the year ended 30 June 2020

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### PARENT AND CONSOLIDATION

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2019	(4,574)	(4,574)
Net result for the year	613	613
Total comprehensive income for the year	613	613
Balance at 30 June 2020	(3,961)	(3,961)

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2018	(2,006)	(2,006)
Net result for the year	(2,568)	(2,568)
Total Comprehensive Income for the Year	(2,568)	(2,568)
Balance at 30 June 2019	(4,574)	(4,574)

The accompanying notes form part of these financial statements.

# Cancer Institute NSW

## Statement of Cash Flows for the year ended 30 June 2020

	Notes	Consolidated Actual 2020 \$000	Consolidated Budget <sup>1</sup> 2020 \$000	Consolidated Actual 2019 \$000	Parent Actual 2020 \$000	Parent Actual 2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related		(32,280)	(36,541)	(30,948)	-	-
Suppliers for goods and services		(53,199)	(47,242)	(48,124)	(53,199)	(48,124)
Grants and subsidies		(99,575)	(95,705)	(110,471)	(99,575)	(110,471)
Personnel services		-	-	-	(32,280)	(30,948)
<b>Total payments</b>		<b>(185,054)</b>	<b>(179,488)</b>	<b>(189,543)</b>	<b>(185,054)</b>	<b>(189,543)</b>
<b>Receipts</b>						
NSW Ministry of Health recurrent allocations		175,630	172,738	183,289	175,630	183,289
NSW Ministry of Health capital allocations		975	975	975	975	975
Reimbursements from the Crown Entity		328	328	229	328	229
Sale of goods and services		177	18	617	177	617
Grants and other contributions		1,401	835	1,784	1,401	1,784
Other		9,207	8,496	8,339	9,207	8,339
<b>Total receipts</b>		<b>187,718</b>	<b>183,390</b>	<b>195,233</b>	<b>187,718</b>	<b>195,233</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	28	<b>2,664</b>	<b>3,902</b>	<b>5,690</b>	<b>2,664</b>	<b>5,690</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of property, plant and equipment and intangibles		(2,392)	(4,061)	(5,235)	(2,392)	(5,235)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(2,392)</b>	<b>(4,061)</b>	<b>(5,235)</b>	<b>(2,392)</b>	<b>(5,235)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Payment of principal portion of lease liabilities		(2,030)	(1,603)	-	(2,030)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(2,030)</b>	<b>(1,603)</b>	<b>-</b>	<b>(2,030)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
Opening cash and cash equivalents	16	2,262	2,262	1,807	2,262	1,807
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	16	<b>504</b>	<b>500</b>	<b>2,262</b>	<b>504</b>	<b>2,262</b>

<sup>1</sup> Unaudited adjusted budget, see Note 30.

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 2020

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### 1. Statement of Significant Accounting Policies

#### a) 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 2020 have been authorised for issue by the Chief Cancer Officer and Chief Executive Officer on 10 September 2020.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### 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.

In alignment with the approach of other States and Territories, and following a recommendation by the National Cabinet of Commonwealth, the 2020-21 NSW Budget has been deferred until 17 November 2020. On this basis, the Secretary of NSW Health, the Chair of the Cancer Institute NSW Board and the Chief Executive Officer, through an interim Performance Agreement, have agreed to service and funding levels for the forward financial year. The interim Performance Agreement provides for 48 per cent of the Cancer Institute NSW's annual funding.

When the NSW Budget is handed down in November 2020-21, the interim Performance Agreement and funding arrangements will be replaced with a full-year 2020-21 Performance Agreement and budget. 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 will take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

Following the Novel Coronavirus (COVID-19) pandemic in early 2020, restrictions were imposed by the Australian Government resulting in the suspension of non-urgent elective surgeries to ensure increased capacity across the health system. Critical resources were reassigned to plan and prepare for possible surges as a result of the outbreak. The unprecedented measures undertaken by both the Australian and State governments to contain the spread of COVID-19, have resulted in significant impacts to the economy and within the health sector.

Despite the impact of COVID-19, the going concern assumption remains appropriate. Reasons for this include:

- \* Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- \* The Cancer Institute NSW has the capacity to review the timing of NSW Ministry of Health allocation cash flows to ensure that debts can be paid when they become due and payable.
- \* The Cancer Institute NSW has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Cancer Institute NSW and assist in meeting its overall budget target. The EIP is monitored and evaluated by the NSW Ministry of Health throughout the financial year.

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.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### c) Statement of Compliance

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

#### d) 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.

#### e) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

#### f) 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.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards

##### (i) Effective for the first time in 2019-20

The accounting policies applied in 2019-20 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 applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities, and AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019-20, but do not have an impact on the financial statements of the Cancer Institute NSW.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which the Cancer Institute NSW expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Cancer Institute NSW to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, the Cancer Institute NSW has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The Cancer Institute NSW has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2018 when:

- \* identifying the satisfied and unsatisfied performance obligations;
- \* determining the transaction price; and
- \* allocating the transaction price to the satisfied and unsatisfied performance obligations.

The impact of applying the above practical expedients is not expected to significantly affect the financial statements.

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

## 1. Statement of Significant Accounting Policies (continued)

### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued) (i) Effective for the first time in 2019-20 (continued)

The effect of adopting AASB 15 is as follows:

#### PARENT AND CONSOLIDATED

Impact on the Statement of Comprehensive Income (increase / (decrease)):

		30 June 2020 AASB 15	30 June 2020 Without adoption of AASB 15	30 June 2020 Impact of AASB 15
	Notes	\$'000	\$'000	\$'000
<b>Revenue</b>				
Sale of goods and services from contracts with customers				
Grants and other contributions	(a)(b)	974	1,263	(289)
<b>Expenses</b>				
Project expenses		974	974	-
<b>Operating result</b>		-	289	(289)
<b>Net Result</b>		-	289	(289)

Impact on the Statement of Financial Position (increase / (decrease)):

#### PARENT AND CONSOLIDATED

		30 June 2020 AASB 15	30 June 2020 Without adoption of AASB 15	30 June 2020 Impact of AASB 15
	Notes	\$'000	\$'000	\$'000
<b>Assets</b>				
Contract assets	(a)	-	-	-
Other receivables	(a)	-	-	-
<b>Total assets</b>		-	-	-
<b>Liabilities</b>				
Contract liabilities	(b)	289	-	289
Other liabilities	(b)	-	-	-
<b>Total liabilities</b>		289	-	289
<b>Equity</b>				
Accumulated funds		(289)	-	(289)
<b>Total adjustments to equity</b>		(289)	-	(289)

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

##### (i) Effective for the first time in 2019-20 (continued)

The nature of these adjustments is described below:

- (a) Income from grants were previously recognised upon receipt of cash. Under the new revenue recognition requirements of AASB 15, income should be recognised when a performance obligation, by transferring a promised good or service, is satisfied. This may be at a point in time or over time. This has led to the accrual of grant income where the entity has satisfied its obligations promised in the contract with the customer.
- (b) Income from grants were previously recognised upon receipt of cash. Under the new revenue recognition requirements of AASB 15, income should be recognised when a performance obligation, by transferring a promised good or service, is satisfied. This may be at a point in time or over time. This has led to a deferral of grant income where the entity has not yet satisfied its obligations promised in the contract with the customer.

The reason for the changes in grants and other contributions is due to the non-recurring nature of grants and contributions received and varying nature of performance obligations across grant contracts resulting in different timing of revenue received.

#### **AASB 1058 Income of Not-for-Profit Entities (AASB 1058)**

AASB 1058 replaces most of the existing requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- \* when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the Cancer Institute NSW.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Cancer Institute NSW has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The Cancer Institute NSW has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Cancer Institute NSW to further its objectives, are not restated to their fair value.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued) (i) Effective for the first time in 2019-20 (continued)

The effect of adopting AASB 1058 is as follows:

#### PARENT AND CONSOLIDATED

Impact on the Statement of Comprehensive Income (increase / (decrease)):

		30 June 2020 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 Impact of AASB 1058
	Notes	\$'000	\$'000	\$'000
<b>Revenue</b>				
Grants and other contributions	(a)(b)	105	105	-
<b>Expenses</b>				
Related expenses		105	105	-
<b>Operating result</b>		-	-	-
<b>Net Result</b>		-	-	-

No impact on assets or liabilities in the Statement of Financial Position.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

The nature of these adjustments is described below:

- (a) Income from grants to construct non-financial assets to be controlled by the entity were previously recognised upon receipt of cash. Under the new revenue recognition requirements of AASB 1058, income should have been recognised over time as the non-financial assets are being constructed. This has led the accrual of grant income where the entity has satisfied its obligations to construct the assets.
- (b) Income from grants to construct non-financial assets to be controlled by the entity were previously recognised upon receipt of cash. Under the new revenue recognition requirements of AASB 1058, income should have been recognised over time as the non-financial assets are being constructed. This has led to the deferral of grant income where the entity has not yet satisfied its obligations to construct the assets.

The reason for the changes in grants and other contributions is due to the timing of revenue received to construct non-financial assets to be controlled by the entity.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued) (i) Effective for the first time in 2019-20 (continued)

##### AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

##### *Lessee accounting*

AASB 16 requires the Cancer Institute NSW to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Cancer Institute NSW recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Cancer Institute NSW has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.42%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

For leases previously classified as finance leases the Cancer Institute NSW recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

The Cancer Institute NSW elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

##### (i) Effective for the first time in 2019-20 (continued)

In applying AASB 16 for the first time, the Cancer Institute NSW has used the following practical expedients permitted by the standard:

- \* not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4;
- \* relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- \* not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application;
- \* excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- \* using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

#### PARENT AND CONSOLIDATED

	1 July 2019 \$'000
<b>Assets</b>	
Receivables	
Property, plant and equipment	-
Right-of-use assets	7,125
<b>Total assets</b>	<u>7,125</u>
<b>Liabilities</b>	
Borrowings	7,125
<b>Total liabilities</b>	<u>7,125</u>
<b>Equity</b>	
Accumulated funds	-
	<u>-</u>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

##### (i) Effective for the first time in 2019-20 (continued)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

#### PARENT AND CONSOLIDATED

	1 July 2019 \$'000
Operating lease commitments as at 30 June 2019 (GST included)	7,719
(Less): GST included in operating lease commitments	702
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>7,017</b>
Weighted average incremental borrowing rate as at 1 July 2019	1.42%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>6,855</b>
Add / (Less): Other adjustments	270
<b>Lease liabilities as at 1 July 2019</b>	<b>7,125</b>

The difference of \$270 thousand between the operating lease commitments disclosed in applying AASB 117 at the end of the annual reporting period immediately preceding the date of initial application (i.e. 30 June 2019), discounted using the incremental borrowing rate at the date of initial application; and lease liabilities recognised in the Statement of Financial Position at the date of initial application (i.e. 1 July 2019) is the result of lease rental increase at the conclusion of negotiations.

##### (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 1059 Service Concession Arrangements

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 2020

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### 1. Statement of Significant Accounting Policies (continued)

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards (continued) (ii) Issued but not yet effective

##### *Overview of Assessment Activities*

The Cancer Institute NSW has completed its impact assessment of AASB 1059 by reviewing all material arrangements where the private sector is performing any services on behalf of the Cancer Institute NSW.

Upon review, the Cancer Institute NSW has not identified any arrangements in scope of AASB 1059.

NSW Treasury has also advised that the introduction of AASB 1059 will lead to withdrawal of TPP 06-8 Accounting for Privately Financed Projects. Upon review, the Cancer Institute NSW has not identified any arrangements impacted by the withdrawal of TPP 06-8.

##### *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 2020

#### 2. Employee related expenses

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Salaries and wages (including annual leave and ADO)	29,607	28,522	-	-
Superannuation - defined benefit plans	11	15	-	-
Superannuation - defined contribution plans	2,629	2,564	-	-
Long service leave	1,274	2,112	-	-
Workers' compensation insurance	101	85	-	-
Fringe benefits tax	51	49	-	-
	<b>33,673</b>	<b>33,347</b>	<b>-</b>	<b>-</b>

Employee related costs of \$132 thousand (2019: \$437 thousand) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

#### 3. Personnel services

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Salaries and wages (including annual leave and ADO)	-	-	29,607	28,522
Superannuation - defined contribution plans	-	-	2,629	2,564
Long service leave	-	-	79	167
Workers' compensation insurance	-	-	101	85
Fringe benefits tax	-	-	51	49
	<b>-</b>	<b>-</b>	<b>32,467</b>	<b>31,387</b>

Personnel services of Cancer Institute NSW were provided by its controlled entity, Cancer Institute NSW Special Purpose Service Entity.

Personnel services of \$132 thousand (2019: \$437 thousand) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

#### 4. Visiting medical officers

Visiting Medical Officers (VMOs) provide expert advice on enhancements to the clinical workflow and coordinate consultation with clinicians for changes to the BreastScreen Information System. VMO expenses of \$54 thousand (2019: \$Nil) was expensed as incurred.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 5. Other expenses

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Advertising	11,734	15,450	11,734	15,450
Auditor's remuneration - audit of financial statements	52	50	52	50
Consultancies	781	749	781	749
Contractors	19,886	20,328	19,886	20,328
Domestic supplies and services	58	70	58	70
Food supplies	43	53	43	53
Fuel, light and power	50	65	50	65
Information management expenses	6,119	4,919	6,119	4,919
Maintenance (see Note 5(b))	405	1,186	405	1,186
Motor vehicle expenses	-	1	-	1
Postal and telephone costs	388	298	388	298
Printing and stationery	161	336	161	336
Rental	-	2,122	-	2,122
Specialised services (radiology)	17	-	17	-
Staff related costs	423	627	423	627
Travel related costs	367	635	367	635
Other (see Note 5(a))	2,862	1,529	2,862	1,529
	<b>43,346</b>	<b>48,418</b>	<b>43,346</b>	<b>48,418</b>

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>(a) Other</b>				
Corporate support services	448	332	448	332
Courier and freight	9	5	9	5
Legal services	20	18	20	18
Membership/professional fees	192	51	192	51
Quality assurance / accreditation	18	-	18	-
Expenses relating to short-term leases	18	-	18	-
Other miscellaneous	2,157	1,123	2,157	1,123
	<b>2,862</b>	<b>1,529</b>	<b>2,862</b>	<b>1,529</b>

<b>(b) Reconciliation of total maintenance</b>				
Maintenance contracts	136	18	136	18
New / replacement equipment under \$10,000	198	1,097	198	1,097
Repairs maintenance / non contract	71	71	71	71
Maintenance expense - contracted labour and other (non-employee related) in Note 5	<b>405</b>	<b>1,186</b>	<b>405</b>	<b>1,186</b>
	<b>405</b>	<b>1,186</b>	<b>405</b>	<b>1,186</b>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 5. Other expenses (continued)

#### Recognition and Measurement

##### **Maintenance expense**

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

##### **Operating expenses**

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Cancer Institute NSW. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 22.

##### **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 NSW Self Insurance Corporation (SiCorp), a controlled entity of the ultimate parent.

##### **Lease expense**

*Lease expense (up to 30 June 2019)*

Operating leases

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

*Lease expense (from 1 July 2019)*

From 1 July 2019, the Cancer Institute NSW recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

##### **Other miscellaneous**

Other miscellaneous expenses include \$781 thousand provision for onerous contract on lease premises relating to outgoings and rent.

## Cancer Institute NSW

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 6. Depreciation and amortisation

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Depreciation - buildings	-	154	-	154
Depreciation - plant and equipment	230	257	230	257
Depreciation - right-of-use buildings	2,138	-	2,138	-
Amortisation - intangible assets	1,490	2,220	1,490	2,220
	<b>3,858</b>	<b>2,631</b>	<b>3,858</b>	<b>2,631</b>

Refer to Note 18 Property, plant and equipment, Note 19 Leases, and Note 20 Intangible assets for recognition and measurement policies on depreciation and amortisation.

#### 7. Grants and subsidies

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Grants to research organisations	23,135	27,146	23,135	27,146
Grants paid to entities controlled by the immediate parent	72,831	79,318	72,831	79,318
Other grants	28	205	28	205
	<b>95,994</b>	<b>106,669</b>	<b>95,994</b>	<b>106,669</b>

#### Recognition and Measurement

Grants 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 grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

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## 8. Finance costs

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Interest expense from lease liabilities	86	-	86	-
Unwinding of present value discount	4	23	4	23
	<b>90</b>	<b>23</b>	<b>90</b>	<b>23</b>

### Recognition and Measurement

Finance costs consist of interest and unwinding of present value on the make good provision and other costs incurred in connection with the lease of building. 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.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 9. Revenue

#### Recognition and Measurement

Until 30 June 2019, income is recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15.

Under the GSF Act 2018, the Cancer Institute NSW's own source revenue (which includes but is not limited to receipts from NSW Ministry of Health recurrent and capital allocations, grants and other contributions, other services) meets the definition of deemed appropriation money under the GSF Act (Section 4.7).

Deemed appropriation money is money received directly by the Cancer Institute NSW which forms part of the consolidated fund and is not appropriated to the Cancer Institute NSW by an Act.

### 10. NSW Ministry of Health allocations

Payments are made by the immediate parent as per the Performance Agreement to the Cancer Institute NSW and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Performance Agreement between the immediate parent and the Cancer Institute NSW does not contain sufficiently specific enforceable performance obligations as defined by AASB 15 and are therefore recognised upon the receipt of cash, in accordance with AASB 1058.

### 11. Sale of goods and services / Sale of goods and services from contracts with customers

Rendering of services comprise the following:

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<i>Entities controlled by the immediate parent</i>				
Shared corporate services revenue	155	149	155	149
	<b>155</b>	<b>149</b>	<b>155</b>	<b>149</b>

#### Recognition and Measurement

##### Rendering of services (until 30 June 2019)

Revenue is recognised when the service is provided or by reference to the type and stage of services provided to date.

##### Rendering of services from contracts with customers (from 1 July 2019)

Revenue from rendering of services is recognised when the Cancer Institute NSW satisfies the performance obligation by transferring the promised services.

Revenue is measured at the transaction price agreed under various contracts. No element of financing is deemed present as payments are due when the service is provided.

Refer to Note 23 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Cancer Institute NSW expects to recognise the unsatisfied portion as revenue.

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

## 12. Grants and other contributions

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Commonwealth government grants	-	914	-	914
Grants & contributions received from entities controlled by the immediate parent	-	50	-	50
Other grants	-	461	-	461
<b>Other grants with sufficiently specific performance obligations</b>				
Commonwealth government grants other	316	-	316	-
Other grants	658	-	658	-
<b>Grants without specific performance obligations</b>				
Other grants from entities controlled by the immediate parent	105	-	105	-
	<b>1,079</b>	<b>1,425</b>	<b>1,079</b>	<b>1,425</b>

### Recognition and Measurement

#### *Grants and other contributions (until 30 June 2019)*

Income from grants (other than contributions by owners) is recognised when the entity obtains control over the contribution. The Cancer Institute NSW is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 12. Grants and other contributions (continued)

#### *Grants and other contributions (from 1 July 2019)*

Income from grants to acquire / construct a recognisable non-financial asset to be controlled by the Cancer Institute NSW is recognised when the Cancer Institute NSW satisfies its obligations under the transfer. The Cancer Institute NSW satisfies the performance obligation under the transfer over time as the non-financial assets are being constructed. The percentage of cost incurred is used to recognise income, because this most closely reflects the progress to completion.

Revenue from grants with sufficiently specific performance obligations is recognised when the Cancer Institute NSW satisfies a performance obligation by transferring the promised goods or services. The Cancer Institute NSW typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The Cancer Institute NSW uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on agreed timetable or on achievement of different milestones set up in the contract.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 23 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Cancer Institute NSW obtains control over the granted assets (e.g. cash).

#### *Volunteer services*

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services recognised are measured at fair value. The Cancer Institute NSW receives volunteer services for the below activities:

- Participation in committees
- Participation in working groups

Receipt of these services, while important, is not recognised because typically such services would not have been purchased if not donated.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

### 13. Acceptance by the Crown Entity of employee benefits

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

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Superannuation - defined benefit plans	11	15	-	-
Long service leave provision	1,195	1,945	-	-
	<b>1,206</b>	<b>1,960</b>	<b>-</b>	<b>-</b>

### 14. Other income

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Other income comprises the following:				
Insurance refunds	48	-	48	-
Other	1,433	722	1,433	722
	<b>1,481</b>	<b>722</b>	<b>1,481</b>	<b>722</b>

#### Recognition and Measurement

##### *Other Income*

Other income includes cost recovery income which is recognised when the service is provided.

##### *Forgiveness of liabilities*

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

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Other gains / (losses)

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Impairment losses on right-of-use assets	(2,898)	-	(2,898)	-
	<b>(2,898)</b>	<b>-</b>	<b>(2,898)</b>	<b>-</b>

### Recognition and Measurement

#### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 17 Receivables
- Note 18 Property, plant and equipment
- Note 19 Leases
- Note 20 Intangible assets

An impairment loss of \$2,898 thousand corresponding to this period has been recognised as a result of the decision to relocate the Cancer Institute NSW to 1 Reserve Road, St Leonards by 31 August 2020, and before the current property lease end date of 31 October 2022. The decision to co-locate health agencies in one location will provide system benefit, however has impacted the Cancer Institute NSW 2019/20 result.

## Cancer Institute NSW

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 16. Cash and cash equivalents

	<b>Consolidated</b>	<b>Consolidated</b>	<b>Parent</b>	<b>Parent</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash at bank and on hand	504	2,262	504	2,262
	<b>504</b>	<b>2,262</b>	<b>504</b>	<b>2,262</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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	504	2,262	504	2,262
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>504</b>	<b>2,262</b>	<b>504</b>	<b>2,262</b>

Refer to Note 32 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

HealthShare NSW, a controlled entity of the immediate parent makes all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of the Cancer Institute NSW. These payments are reported as expenses and operating cash outflows in the financial statements of the Cancer Institute NSW.

HealthShare NSW receives payments directly from the NSW Ministry of Health on behalf of the Cancer Institute NSW to fund these payments. These payments are reported as revenue (NSW Ministry of Health recurrent allocations) and operating cash inflows in the financial statements of the Cancer Institute NSW when HealthShare NSW makes these payments on behalf of the Cancer Institute NSW.

## Cancer Institute NSW

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 17. Receivables

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>Current</b>				
Trade receivables from contracts with customers	218	-	218	-
Sale of goods and services	-	208	-	208
Intra health receivables	188	204	188	204
Goods and Services Tax	1,627	2,051	1,627	2,051
Other receivables	29	57	29	57
<b>Sub total</b>	<b>2,062</b>	<b>2,520</b>	<b>2,062</b>	<b>2,520</b>
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	-	-	-	-
<b>Sub total</b>	<b>2,062</b>	<b>2,520</b>	<b>2,062</b>	<b>2,520</b>
Prepayments	988	908	988	908
	<b>3,050</b>	<b>3,428</b>	<b>3,050</b>	<b>3,428</b>

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

The Cancer Institute NSW has not identified impairment of receivables.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 32.

	Consolidated 2020 \$000	Parent 2020 \$000
Contract receivables (included in Note 17)	406	406
	<b>406</b>	<b>406</b>

#### Recognition and Measurement

All 'regular way' purchases or sales of receivables are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of receivables 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

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.

#### Impairment

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.

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.

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

## 18. Property, plant and equipment

### (a) Total property, plant and equipment

#### PARENT AND CONSOLIDATION

	Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Total \$000
<b>As at 30 June 2020</b>			
Gross carrying amount	3,431	2,549	5,980
Less: accumulated depreciation and impairment	3,431	2,296	5,727
<b>Net carrying amount</b>	<b>-</b>	<b>253</b>	<b>253</b>

	Buildings \$000	Plant and Equipment <sup>1</sup> \$000	Total \$000
<b>As at 30 June 2019</b>			
Gross carrying amount	3,832	3,525	7,357
Less: accumulated depreciation and impairment	3,832	2,074	5,906
<b>Net carrying amount</b>	<b>-</b>	<b>1,451</b>	<b>1,451</b>

<sup>1</sup> 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.

### (a) Total property, plant and equipment - reconciliation

#### PARENT AND CONSOLIDATION

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

	Buildings \$000	Plant and Equipment \$000	Total \$000
<b>Year ended 30 June 2020</b>			
Net carrying amount at beginning of year	-	1,451	1,451
<b>Adjusted net carrying amount at beginning of year</b>	<b>-</b>	<b>1,451</b>	<b>1,451</b>
Additions	-	1,774	1,774
Reclassification to intangibles	-	(975)	(975)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,767)	(1,767)
Depreciation expense	-	(230)	(230)
<b>Net carrying amount at end of year</b>	<b>-</b>	<b>253</b>	<b>253</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

## 18. Property, plant and equipment (continued)

### (a) Total property, plant and equipment - reconciliation (continued)

#### PARENT AND CONSOLIDATION

	Buildings \$000	Plant and Equipment \$000	Total \$000
<b>Year ended 30 June 2019</b>			
Net carrying amount at beginning of year	154	757	911
Additions	-	2,706	2,706
Reclassification to intangibles	-	(24)	(24)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,731)	(1,731)
Depreciation expense	(154)	(257)	(411)
<b>Net carrying amount at end of year</b>	<b>-</b>	<b>1,451</b>	<b>1,451</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

### (b) Property, plant and equipment held and used by the Cancer Institute NSW

#### PARENT AND CONSOLIDATION

The Cancer Institute NSW has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Cancer Institute NSW.

#### Recognition and Measurement

##### *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.

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.

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

##### *Capitalisation thresholds*

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

##### *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 2020

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### 18. Property, plant and equipment (continued)

#### **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. Land is not a depreciable asset. 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:

	<b>Useful lives</b>
Buildings - leasehold improvements	8 years
Plant and equipment	4-7 years

'Plant and equipment' comprises, among others, medical, computer and office equipment.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

#### **Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)**

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Cancer Institute NSW has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment includes amounts for right-of-use assets in respect of leases previously treated as operating leases under AASB 117.

Further information on leases is contained in Note 19.

Subsequent to the adoption of AASB 16, the Cancer Institute NSW, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Right-of-use assets that do not meet the definition of investment properties are included in Property, Plant and Equipment under the corresponding asset categories. Further information on right-of-use assets is contained in Note 19.

#### **Revaluation of property, plant and equipment**

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.

Property, plant and equipment is measured at the highest and best use by market participant's that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 21 for further information regarding fair value.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 18. Property, plant and equipment (continued)

#### *Revaluation of property, plant and equipment (continued)*

Due to the COVID-19 pandemic in early 2020, the Cancer Institute NSW management performed an additional assessment to determine if the fair value of its property plant and equipment as at 30 June 2020 materially differed from the carrying value. Management concluded that there is no definitive or conclusive market evidence to support any material adjustments. No adjustments were applied as a result.

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate.

#### *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.

The Cancer Institute NSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Cancer Institute NSW estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the carrying value of the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

#### *Derecognition of property, plant and equipment*

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 19. Leases

#### (a) Entity as a lessee

The Cancer Institute NSW leases office premises. Lease contract is typically made for a fixed period of 8 years, with the option taken to extend for another 4 years. The lease agreement does not impose any covenants but leased assets may not be used as security for borrowing purposes. The Cancer Institute NSW does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the lease. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Cancer Institute NSW and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Cancer Institute NSW has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new and comprise mainly of small office and medical equipment items.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

#### PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Total \$'000
<b>2020</b>		
Balance at 1 July 2019	7,125	7,125
Additions	90	90
Depreciation expense	(2,138)	(2,138)
Impairment losses (recognised in 'Other gains / (losses)')	(2,898)	(2,898)
<b>Balance at 30 June 2020</b>	<b>2,179</b>	<b>2,179</b>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

### 19. Leases (continued)

#### (a) Entity as a lessee (continued)

##### Lease liabilities

The following table presents liabilities under leases.

##### PARENT AND CONSOLIDATION

	<b>Total \$'000</b>
<b>2020</b>	
Balance at 1 July 2019	7,125
Interest expenses	86
Payments	(2,116)
<b>Balance at 30 June 2020</b>	<b>5,095</b>

The following amounts were recognised in the Statement of Comprehensive Income for the year ended 30 June 2020 in respect of leases where the Cancer Institute NSW is the lessee:

##### PARENT AND CONSOLIDATION

	<b>Total \$'000</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	2,138
Interest expense on lease liabilities	86
Expenses relating to short-term leases	18
Other adjustments	2,898
<b>Total amount recognised in the statement of comprehensive income</b>	<b>5,140</b>

The Cancer Institute NSW had total cash outflows for leases of \$2,116 thousand for the year ended 30 June 2020.

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are, as follows:

##### PARENT AND CONSOLIDATION

	<b>Operating leases 2019 \$'000</b>
Within one year	2,239
Later than one year and not later than five years	5,480
Later than five years	-
<b>Total (including GST)</b>	<b>7,719</b>
Less: GST recoverable from the Australian Taxation Office	702
<b>Total (excluding GST)</b>	<b>7,017</b>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 19. Leases (continued)

#### (a) Entity as a lessee (continued)

##### Recognition and Measurement (under AASB 16 from 1 July 2019)

The Cancer Institute NSW assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Cancer Institute NSW recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Cancer Institute NSW recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful life</b>
Buildings	4 years

The right-of-use assets are also subject to impairment. The Cancer Institute NSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Cancer Institute NSW estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

The Cancer Institute NSW will be vacating the leased premises by 31 August 2020. The lease continues to 31 October 2022. Property NSW, the landlord and the Cancer Institute NSW sought a lessee to sublease the premises. However, due to the impact of COVID-19 on businesses and the national and international economies, demand for commercial space for lease has seen a downturn from the beginning of 2020. As a result, the owner is reluctant to take back the space as the demand for commercial space has declined. The Cancer Institute NSW has taken the space to the open market and experienced the same low level of demand as the building owner.

As advised by Property NSW, at present there is no party to occupy the premises after 31 August 2020. From their assessment, Property NSW have advised that the Cancer Institute NSW should assume a minimum of 18 months to sublease the premises commencing from 1 July 2020, that being to 31 December 2021. As limited or no benefits are expected to be derived from this asset during this vacant period, impairment loss of \$2,898 thousand has been recognised for the expected vacancy period.

Impairment losses for right-of-use assets are included in Other gains/(losses) as part of 'Net result from continuing operations' in the Statement of Comprehensive Income.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 19. Leases (continued)

#### (a) Entity as a lessee (continued)

##### ii. Lease liabilities

At the commencement date of the lease, the Cancer Institute NSW recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- payments of penalties for terminating the lease, if the lease term reflects the Cancer Institute NSW exercising the option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Cancer Institute NSW does not borrow funds in the market. Instead they receive an allocation of the appropriations from the Crown Entity and where the Crown Entity needs additional funding, Treasury Corporation (TCorp) goes to the market to obtain these funds. As a result, the Cancer Institute NSW is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Cancer Institute NSW's lease liabilities are included in borrowings in Note 24.

##### iii. Short-term leases and leases of low-value assets

The Cancer Institute NSW applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

#### Recognition and measurement (under AASB 117 until 30 June 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Until 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Cancer Institute NSW was classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 20. Intangible assets

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Cost (gross carrying amount)	18,445	16,873	18,445	16,873
Less: accumulated amortisation and impairment	10,082	8,613	10,082	8,613
<b>Net carrying amount</b>	<b>8,363</b>	<b>8,260</b>	<b>8,363</b>	<b>8,260</b>

#### PARENT AND CONSOLIDATION

A reconciliation of the carrying amount of intangibles at the beginning and end of the current reporting year is set out below:

	2020 \$000	2019 \$000
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	8,260	7,927
Additions - acquired separately	618	2,529
Reclassifications from plant and equipment	975	24
Amortisation (recognised in depreciation and amortisation)	(1,490)	(2,220)
<b>Net carrying amount at end of year</b>	<b>8,363</b>	<b>8,260</b>

#### Recognition and Measurement

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. Following initial recognition, 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.

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 Cancer Institute NSW's intangible assets are amortised using the straight-line method over a period of four or ten years.

Computer software developed or acquired by the Cancer Institute NSW are recognised as intangible assets. Some computer software is acquired from the Health Administration Corporation, a controlled entity of the immediate parent. 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 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.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 21. Fair value measurement of non-financial assets

#### PARENT AND CONSOLIDATION

##### Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Cancer Institute NSW recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### (a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2020	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 18)				
- Buildings	-	-	4,227	4,227
	-	-	4,227	4,227

There were no transfers between level 1 and 2 during the year ended 30 June 2020.

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 18.

	Level 1	Level 2	Level 3	Total Fair Value
2019	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 18)				
- Buildings	-	-	-	-
	-	-	-	-

There were no transfers between level 1 and 2 during the year ended 30 June 2019.

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 18.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 21. Fair value measurement of non-financial assets (continued)

#### (b) Valuation techniques, inputs and processes

At the end of each reporting period a fair value assessment is made on any movements and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 18 reconciliation).

The non-current assets categorised in (a) above have been measured as level 3 based on the following valuation techniques and inputs:

For buildings, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs.

#### (c) Reconciliation of recurring Level 3 fair value measurements

##### PARENT AND CONSOLIDATION

	Buildings \$000	Infrastructure Systems \$000	Other Assets \$000	Total Level 3 Recurring \$000
<b>2020</b>				
Adjusted fair value as at 1 July 2019	-	-	-	-
Additions	7,125	-	-	7,125
Impairment	(2,898)	-	-	(2,898)
<b>Fair value as at 30 June 2020</b>	<b>4,227</b>	<b>-</b>	<b>-</b>	<b>4,227</b>

There were no transfers between level 1 or 2 during the year ended 30 June 2020.

##### PARENT AND CONSOLIDATION

	Land and Buildings \$000	Infrastructure Systems \$000	Other Assets \$000	Total Level 3 Recurring \$000
<b>2019</b>				
Fair value as at 1 July 2018	-	-	-	-
Additions	-	-	-	-
Impairment	-	-	-	-
<b>Fair value as at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no transfers between level 1 or 2 during the year ended 30 June 2019.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

### 22. Payables

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>Current</b>				
Accrued salaries, wages and on-costs	637	489	-	-
Taxation and payroll deductions	124	428	-	-
Accrued liability - purchase of personnel services	-	-	761	917
Creditors	1,321	1,312	1,321	1,312
Other creditors				
- Payables to entities controlled by the immediate parent	1,945	7,371	1,945	7,371
- Other	3,620	6,011	3,620	6,011
	<b>7,647</b>	<b>15,611</b>	<b>7,647</b>	<b>15,611</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 32.

#### Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Cancer Institute NSW and other amounts. Payables are recognised initially at fair value, net of directly attributable transaction costs.

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

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Cancer Institute NSW. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 23. Contract liabilities

	Consolidated 2020 \$000	Consolidated 1 July 2019 adjusted for AASB 15 \$000	Parent 2020 \$000	Parent 1 July 2019 adjusted for AASB 15 \$000
<b>Current</b>				
Contract liabilities	289	71	289	71
	<b>289</b>	<b>71</b>	<b>289</b>	<b>71</b>
<b>Non-current</b>				
Contract liabilities	-	7	-	7
	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>

#### Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at the 30 June 2020 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract hadn't been met at the 30 June 2020. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

The contract liability balance has increased during the year because of the timing of payments received.

	Consolidated 2020 \$000	Parent 2020 \$000
Revenue recognised that was included in the contract liability balance (adjusted for AASB 15) at the beginning of the year	71	71
Revenue recognised from performance obligations satisfied in previous periods	(71)	(71)
Transaction price allocated to the remaining performance obligations from contracts with customers	289	289

The transaction price allocated to the remaining performance obligations relates to the following revenue classes and is expected to be recognised as follows:

Specific revenue class	2021 \$'000	2022 \$'000	2023 \$'000	≥ 2024 \$'000
Grants and other contributions	289	-	-	-
	<b>289</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements for the year ended 30 June 2020

### 24. Borrowings

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>Current</b>				
Lease liability (see Note 19)	2,165	-	2,165	-
	<b>2,165</b>	<b>-</b>	<b>2,165</b>	<b>-</b>
<b>Non-current</b>				
Lease liability (see Note 19)	2,930	-	2,930	-
	<b>2,930</b>	<b>-</b>	<b>2,930</b>	<b>-</b>

No assets have been pledged as security / collateral for liabilities and there are no restrictions on any title to property.

Final repayment of the lease liability is scheduled for 01 October 2022.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 32.

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured 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.

From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

Borrowings are classified as current liabilities unless the Cancer Institute NSW has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 32 (b) for derecognition policy.

#### Changes in liabilities arising from financing activities

##### PARENT AND CONSOLIDATION

	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
<b>30 June 2019</b>	-	-	-
Recognised on adoption of AASB 16	-	7,125	7,125
<b>1 July 2019</b>	-	7,125	7,125
Cash flows	-	(2,030)	(2,030)
<b>30 June 2020</b>	-	<b>5,095</b>	<b>5,095</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 32.

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

## 25. Provisions

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave - short term benefit	2,634	2,529	-	-
Annual leave - long term benefit	891	459	-	-
Long service leave consequential on-costs	542	469	-	-
Provision for other employee benefits	289	196	-	-
Provision for personnel services liability	-	-	4,356	3,653
	<b>4,356</b>	<b>3,653</b>	<b>4,356</b>	<b>3,653</b>
<b>Other Provisions</b>				
Make good provision	625	-	625	-
	<b>625</b>	<b>-</b>	<b>625</b>	<b>-</b>
<b>Total current provisions</b>	<b>4,981</b>	<b>3,653</b>	<b>4,981</b>	<b>3,653</b>
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave consequential on-costs	47	41	-	-
Provision for personnel services liability	-	-	47	41
	<b>47</b>	<b>41</b>	<b>47</b>	<b>41</b>
<b>Other Provisions</b>				
Make good provision	251	592	251	592
	<b>251</b>	<b>592</b>	<b>251</b>	<b>592</b>
<b>Total non-current provisions</b>	<b>298</b>	<b>633</b>	<b>298</b>	<b>633</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	4,356	3,653	-	-
Provisions - non-current	47	41	-	-
Accrued salaries, wages and on-costs, taxation and payroll deductions (Note 22)	761	917	-	-
Liability - purchase of personnel services	-	-	5,164	4,611
	<b>5,164</b>	<b>4,611</b>	<b>5,164</b>	<b>4,611</b>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Provisions (continued)

#### Movements in provisions (other than employee benefits)

Movements in other provisions during the financial year, other than employee benefits, are set out below:

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>Make good provisions</b>				
Carrying amount at beginning of period	592	620	592	620
- Unwinding / change in the discount rate	4	23	4	23
- Additional provisions recognised	872	-	872	-
- Unused amounts reversed	(592)	(51)	(592)	(51)
<b>Carrying amount at end of period</b>	<b>876</b>	<b>592</b>	<b>876</b>	<b>592</b>

#### Recognition and Measurement

##### *Employee benefits and other provisions*

##### *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 2020 (comparable on-costs for 30 June 2019 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 Cancer Institute NSW does not expect to settle the liability within 12 months as the Cancer Institute NSW 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.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 25. Provisions (continued)

#### *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.

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.

#### *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.

#### *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. When the Cancer Institute NSW expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

## Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

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### 26. Other liabilities

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
<b>Current</b>				
Unearned revenue	-	71	-	71
	-	71	-	71
<b>Non-current</b>				
Unearned revenue	-	7	-	7
	-	7	-	7

Unearned revenue was derived from the following:

In June 2019, \$14 thousand was received in advance from Tasmanian Health Service, under the terms of contract for the eviQ National project for years ending June 2021.

In June 2019, \$27 thousand was received in advance from Health Department of Western Australia, under the terms of contracts for the eviQ National project for the year ending June 2020.

In June 2019, \$37 thousand was received in advance from Cancer Australia, under the terms of contracts for the national Stage, Treatment and Recurrence (STaR) project for the year ending June 2020.

# **Cancer Institute NSW**

## **Notes to and forming part of the Financial Statements** for the year ended 30 June 2020

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### **27. 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 2020

### 28. Reconciliation of cash flows from operating activities to net result

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Net cash used on operating activities	2,664	5,690	2,664	5,690
Depreciation and amortisation expense	(3,858)	(2,631)	(3,858)	(2,631)
Decrease / (increase) in provisions	(992)	(574)	(992)	(574)
Increase / (decrease) in prepayments and other assets	(389)	39	(389)	39
Decrease / (increase) in payables	7,974	(3,361)	7,974	(3,361)
Decrease / (increase) in contract liabilities	(211)	-	(211)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(2,898)	-	(2,898)	-
Assets donated or brought to account (Note 29)	(1,767)	(1,731)	(1,767)	(1,731)
Property, plant and equipment acquired by a lease	90	-	90	-
<b>Net result</b>	<b>613</b>	<b>(2,568)</b>	<b>613</b>	<b>(2,568)</b>

### 29. Non-cash financing and investing activities

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Assets contributed to other health entities	(1,767)	(1,731)	(1,767)	(1,731)
Property, plant and equipment acquired by a lease	90	-	90	-
	<b>(1,677)</b>	<b>(1,731)</b>	<b>(1,677)</b>	<b>(1,731)</b>

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 30. Adjusted budget review

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 Agreements 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 budget entries in the financial statements are unaudited.

#### PARENT AND CONSOLIDATION

##### Net result

The actual Net Result was higher than adjusted budget by \$3 million, primarily due to:

- \* Savings in employee related expenses offset with higher grants and subsidies payments.
- \* Higher recurrent allocation received in order to settle the large opening payables balance. Higher other income also contributed to the variation.

##### Assets and liabilities

Actual assets as at 30 June 2020 were lower than adjusted budget by \$3 million primarily due to impairment of the leased asset.

Payables actual balance was \$8 million lower than adjusted budget due to timing of trade creditor payments.

As at 30 June 2020, the Cancer Institute NSW had a net asset deficiency of \$4 million which included intra-health payables of \$2 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 \$0.5 million equals the cash holding requirement as per Ministry of Health guidelines.

Actual cash flow from investing activities was \$2 million under adjusted budget due to a change in investing approach of the capital program.

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

	<b>\$000</b>
Initial Allocation, July 2019	172,542
Reduction in 2019/20 efficiency target	6,332
Intra health grants budget adjustment	(6,174)
Other adjustments	38
<b>Balance as per Statement of Comprehensive Income</b>	<b>172,738</b>

# Cancer Institute NSW

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

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## 31. Equity

### *Accumulated Funds*

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

**Equity transfers effected in the 2019/20 year were:**

(a) Nil

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 32. 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

##### PARENT AND CONSOLIDATION

Class	Category	Carrying Amount	Carrying Amount
		2020 \$000	2019 \$000
<b>Financial Assets</b>			
Cash and cash equivalents (Note 16)	N/A	504	2,262
Receivables (Note 17) <sup>1</sup>	Amortised cost	435	469
<b>Total Financial Assets</b>		<b>939</b>	<b>2,731</b>
<b>Financial Liabilities</b>			
Borrowings (Note 24)	Financial liabilities measured at amortised cost	5,095	-
Payables (Note 22) <sup>2</sup>	Financial liabilities measured at amortised cost	7,523	15,183
<b>Total Financial Liabilities</b>		<b>12,618</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).

The Cancer Institute NSW determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

#### (b) Derecognition 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.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 32. Financial instruments (continued)

#### (b) Derecognition of financial assets and financial liabilities (continued)

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's 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.

#### (c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (d) 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).

Credit risk arises from financial assets of the Cancer Institute NSW, including cash and receivables. 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 90 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 receivables and other financial assets

##### Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets 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 receivables and other receivables.

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

## Cancer Institute NSW

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 32. Financial instruments (continued)

##### (d) Financial risk (continued)

###### i. Credit risk (continued)

###### Accounting policy for impairment of trade receivables and other financial assets (continued)

###### Receivables - trade receivables, other receivables and contract assets (continued)

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 identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables and other receivables 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 receivables, other receivables and contract assets as at 30 June 2020 and 30 June 2019 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount <sup>1</sup>	120	97	4	2	24	247
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2019 <sup>2</sup>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount <sup>1</sup>	171	-	89	2	3	265
Expected credit loss	-	-	-	-	-	-

###### Notes

<sup>1</sup> The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 17.

<sup>2</sup> Prior year balances have been restated to include other receivables and contract assets.

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 2020.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 32. Financial instruments (continued)

#### (d) Financial risk (continued)

##### 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, 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 service agreement with the NSW Ministry of Health, as the annual service 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 service agreement performance 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. Until the 30 June 2019, 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 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received. From 1 July 2019, 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. For all suppliers, that have a correctly rendered invoice, that has a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

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 affected 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 2020

### 32. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

	EIR <sup>3</sup> %	Interest Rate Exposure			Maturity Dates	
		Nominal Amount <sup>1</sup> \$000	Fixed Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000
<b>2020</b>						
Payables:						
- Creditors <sup>2</sup>		7,523	-	7,523	7,523	-
Borrowings:						
- Lease liabilities	1.42%	5,178	5,178	-	2,178	3,000
		<b>12,701</b>	<b>5,178</b>	<b>7,523</b>	<b>9,701</b>	<b>3,000</b>
<b>2019</b>						
Payables:						
- Creditors <sup>2</sup>		15,183	-	15,183	15,183	-
Borrowings:						
- Finance leases		-	-	-	-	-
		<b>15,183</b>	<b>-</b>	<b>15,183</b>	<b>15,183</b>	<b>-</b>

#### Notes:

<sup>1</sup> 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.

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

<sup>3</sup> Weighted Average Effective Interest Rate (EIR).

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 32. Financial instruments (continued)

#### 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 2019. 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 at fair value through other comprehensive income. 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:

	2020		2019	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	46	(46)	(23)	23
Equity	46	(46)	(23)	23

#### (e) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 does not differ from the carrying amount.

# Cancer Institute NSW

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 33. Related party transactions

#### PARENT AND CONSOLIDATION

##### (a) Key management personnel compensation

Key management personnel compensation is as follows:

	2020	2019
	\$000	\$000
Short-term employee benefits	106	108
Post-employment benefits	10	11
Other long-term benefits	22	22
	<b>138</b>	<b>141</b>

During the financial year, the Cancer Institute NSW obtained key management personnel services from the immediate parent and incurred \$491 thousand (2019: \$531 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

The Cancer Institute NSW's key management personnel comprise its board members and Chief Executive Officer (or acting Chief Executive Officer) from time to time during the year.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the NSW 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 NSW 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.

##### (b) Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2019: \$Nil).

##### (c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2019: \$Nil).

##### (d) Transactions the Cancer Institute NSW had with government related entities during the financial year

During the financial year and comparative year, the Cancer Institute NSW entered into various transactions with other entities consolidated as part of the NSW Ministry of Health (the immediate parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

*The following operating expenses were incurred with entities controlled by the immediate parent:*

- Health Administration Corporation provides shared services in corporate support and information management services
- Visiting Medical Officers' expenses paid to Local Health Districts
- Senior staff related costs paid to the immediate parent
- Cancer grants paid to health entities
- Patient survey expenses paid to Bureau of Health Information, 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 2020

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### 33. Related party transactions (continued)

#### (d) Transactions the Cancer Institute NSW had with government related entities during the financial year (continued)

*The following operating expenses were incurred with entities controlled by the ultimate parent:*

- Fringe benefits tax
- Audit of statutory financial statements
- Rental for office premises paid to Property NSW
- General expenses include a provision for onerous contract on premises leased to Property NSW
- Venue hire expenses paid to the Parliament House
- Insurance costs
- Legal costs (2019)
- Screening mobile units optimisation expenses paid to Department of Customer Service

*The following revenues were earned from entities controlled by the immediate parent:*

- Grants and contributions towards research and other projects
- Information management services provided to Health Administration Corporation

*The following revenues were earned from entities controlled by the ultimate parent:*

- Insurance refunds
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation

*Assets and liabilities as follows:*

- Receivables and payables in respect of the above noted related party expense and revenue transactions

### 34. Events after the reporting period

No matters have arisen subsequent to the reporting date that would require these financial statements to be amended.

**END OF AUDITED FINANCIAL STATEMENTS**