



INDEPENDENT AUDITOR'S REPORT

Cancer Institute of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Cancer Institute of New South Wales (the Institute), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary 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.

Opinion

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 2015, 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.

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(v). 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 Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

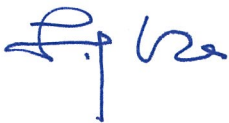
My opinion does *not* provide assurance:

- about the future viability of the Institute or the consolidated entity
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- 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 other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



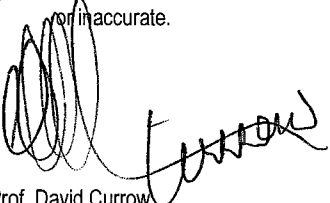
Weini Liao
Director, Financial Audit Services

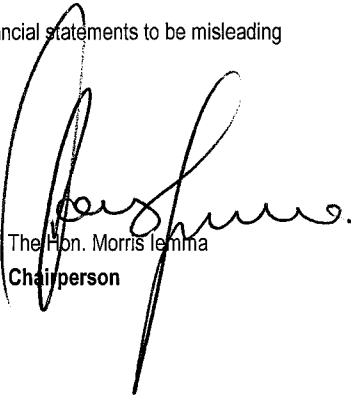
28 September 2015
SYDNEY

Cancer Institute NSW
Certification of the Financial Statements
for the year ended 30 June 2015

I 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 2015 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2015* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 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) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.


Prof. David Currow
Chief Cancer Officer and CEO
28 September 2015


The Hon. Morris Iemma
Chairperson

Cancer Institute NSW
Statement of Comprehensive Income for the year ended 30 June 2015

PARENT								CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual				Notes	Actual	Adjusted Budget Unaudited	Actual	
2015 \$000	2015 \$000	2014 \$000					2015 \$000	2015 \$000	2014 \$000	
			Expenses excluding losses							
			Operating Expenses							
----	----	----	Employee Related		3	21,169	28,170	20,373		
20,839	27,841	19,944	Personnel Services		4	----	----	----		
37,683	35,463	32,132	Other Operating Expenses		5	37,683	35,463	32,132		
1,362	1,920	1,416	Depreciation and Amortisation		2(h), 6	1,362	1,920	1,416		
116,665	113,036	93,281	Grants and Subsidies		7	116,665	113,036	93,281		
6	30	32	Finance Costs		8	6	30	32		
176,555	178,290	146,805	Total Expenses excluding losses			176,885	178,619	147,234		
			Revenue							
160,303	160,303	151,138	NSW Ministry of Health Recurrent Allocations		2(d)	160,303	160,303	151,138		
975	975	579	NSW Ministry of Health Capital Allocations		2(d)	975	975	579		
----	----	----	Acceptance by the Crown Entity of Employee Benefits		2(a)(ii), 12	330	329	429		
131	----	----	Sale of Goods and Services		9	131	----	----		
1,323	1,885	1,400	Investment Revenue		10	1,323	1,885	1,400		
1,735	500	1,677	Grants and Contributions		11	1,735	500	1,677		
1,609	851	2,534	Other Revenue		13	1,609	851	2,534		
166,076	164,514	157,328	Total Revenue			166,406	164,843	157,757		
----	----	(16)	Gain / (Loss) on Disposal		14	----	----	(16)		
(10,479)	(13,776)	10,507	Net Result		27	(10,479)	(13,776)	10,507		
(10,479)	(13,776)	10,507	TOTAL COMPREHENSIVE INCOME			(10,479)	(13,776)	10,507		

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Financial Position as at 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
ASSETS						
Current Assets						
37,993	28,782	35,145	17	37,993	28,782	35,286
4,503	7,303	16,624	18	4,503	7,303	16,629
<u>42,496</u>	<u>36,085</u>	<u>51,769</u>		<u>42,496</u>	<u>36,085</u>	<u>51,915</u>
42,496	36,085	51,769		42,496	36,085	51,915
Non-Current Assets						
797	1,065	938	19	797	1,065	938
1,660	1,618	2,104	19	1,660	1,618	2,104
<u>2,457</u>	<u>2,683</u>	<u>3,042</u>		<u>2,457</u>	<u>2,683</u>	<u>3,042</u>
5,089	4,963	2,277	20	5,089	4,963	2,277
<u>7,546</u>	<u>7,646</u>	<u>5,319</u>		<u>7,546</u>	<u>7,646</u>	<u>5,319</u>
50,042	43,731	57,088		50,042	43,731	57,234
LIABILITIES						
Current Liabilities						
5,326	2,363	1,711	22	5,326	2,363	1,857
1,906	1,877	1,726	23	1,906	1,877	1,726
413	413	413	24	413	413	413
<u>7,645</u>	<u>4,653</u>	<u>3,850</u>		<u>7,645</u>	<u>4,653</u>	<u>3,996</u>
Non-Current Liabilities						
581	559	529	23	581	559	529
964	964	1,378	24	964	964	1,378
<u>1,545</u>	<u>1,523</u>	<u>1,907</u>		<u>1,545</u>	<u>1,523</u>	<u>1,907</u>
9,190	6,176	5,757		9,190	6,176	5,903
40,852	37,555	51,331		40,852	37,555	51,331
EQUITY						
40,852	37,555	51,331		40,852	37,555	51,331
40,852	37,555	51,331		40,852	37,555	51,331

The accompanying notes form part of these financial statements.

Cancer Institute NSW

Statement of Changes in Equity for the year ended 30 June 2015

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Total
		\$000	\$000
Balance at 1 July 2014		51,331	51,331
Total Equity at 1 July 2014		<u>51,331</u>	<u>51,331</u>
Net Result for the year		(10,479)	(10,479)
Total Comprehensive Income for the year		<u>(10,479)</u>	<u>(10,479)</u>
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	29	----	----
Balance at 30 June 2015		<u>40,852</u>	<u>40,852</u>
Balance at 1 July 2013		41,071	41,071
Total Equity at 1 July 2013		<u>41,071</u>	<u>41,071</u>
Net Result for the year		10,507	10,507
Total Comprehensive Income for the year		<u>10,507</u>	<u>10,507</u>
Transactions With Owners In Their Capacity As Owners			
Increase/(Decrease) in Net Assets From Equity Transfers	29	(247)	(247)
Balance at 30 June 2014		<u>51,331</u>	<u>51,331</u>

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Cash Flows for the year ended 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						

				(20,652)	(27,970)	(23,967)
(120,726)	(117,096)	(101,289)		(120,726)	(117,096)	(101,289)
(45,095)	(55,142)	(80,128)		(24,584)	(27,313)	(56,143)
(165,821)	(172,238)	(181,417)		(165,962)	(172,379)	(181,399)
Receipts						
160,303	160,303	151,138		160,303	160,303	151,138
975	975	579		975	975	579
234	234	203		234	234	203
271	10	230		271	10	230
1,323	1,885	1,536		1,323	1,885	1,536
1,785	550	1,749		1,785	550	1,749
7,367	6,164	12,329		7,367	6,164	12,329
172,258	170,121	167,764		172,258	170,121	167,764
6,437	(2,117)	(13,653)	27	6,296	(2,258)	(13,635)
CASH FLOWS FROM INVESTING ACTIVITIES						
(3,589)	(4,246)	(573)		(3,589)	(4,246)	(573)
(3,589)	(4,246)	(573)		(3,589)	(4,246)	(573)
2,848	(6,363)	(14,226)		2,707	(6,504)	(14,208)
35,145	35,145	49,712		35,286	35,286	49,835
----	----	(341)	29	----	----	(341)
37,993	28,782	35,145	17	37,993	28,782	35,286

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Service Group Statements
for the year ended 30 June 2016

	Service Group 1.2 * Aboriginal Health Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses												
Operating Expenses	222	102	7,135	3,830	11,040	11,837	2,772	4,604			21,169	20,373
Employee Related	82	161	3,211	6,041	32,236	18,669	2,154	7,262			37,683	32,132
Other Operating Expenses	2	7	130	266	792	823	438	320			1,362	1,416
Depreciation and Amortisation	227	466	19,935	17,537	64,387	54,196	32,116	21,082			116,665	93,281
Grants and Subsidies					5	19		7			6	32
Finance Costs			1	6								
Total Expenses excluding losses	533	736	30,412	27,680	108,460	85,644	37,480	33,276			176,886	147,234
Revenue												
NSW Ministry of Health Recurrent Allocations **									160,303	151,138	160,303	151,138
NSW Ministry of Health Capital Allocations **									975	579	975	579
Acceptance by the Crown Entity	3	2	111	81	172	249	43	97			330	429
of Employee Benefits and Other Liabilities					131						131	
Sale of Goods and Services					802	813	278	316			1,323	1,400
Investment Revenue	4	7	239	263	1,735	974		379			1,735	1,677
Grants and Contributions					1,609	1,472		573			1,609	2,534
Other Revenue												
Total Revenue	7	30	350	1,135	4,449	3,608	321	1,365	161,278	161,717	166,406	167,757
Gain / (Loss) on Disposal				(3)		(9)						(16)
Net Result	(526)	(706)	(30,062)	(26,548)	(104,011)	(82,045)	(37,159)	(31,914)	161,278	161,717	(10,479)	10,607
Total Comprehensive Income	(526)	(706)	(30,062)	(26,548)	(104,011)	(82,045)	(37,159)	(31,914)	161,278	161,717	(10,479)	10,607

* The name and purpose of each service group is summarised in Note 16

** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

Cancer Institute NSW
Service Group Statements (Continued)
for the year ended 30 June 2015

	Service Group 1.2 * Aboriginal Health Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 6.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2016	2014	2016	2014	2016	2014	2016	2014	2016	2014	2016	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS												
Current Assets												
Cash and Cash Equivalents	114	176	6,532	6,634	23,296	20,501	8,050	7,975			37,993	35,286
Receivables		83		3,126	4,503	9,661		3,756			4,503	16,629
Total Current Assets	114	259	6,532	9,760	27,799	30,162	8,050	11,733			42,496	51,915
Non-Current Assets												
Property, Plant and Equipment												
- Plant and Equipment	1	5	76	176	463	545	257	212			797	938
- Leasehold Improvements	3	11	158	396	965	1,222	534	476			1,660	2,104
Intangible Assets	8	11	485	428	2,958	1,323	1,638	515			5,089	2,277
Total Non-Current Assets	12	27	719	1,000	4,386	3,090	2,429	1,203			7,546	5,319
TOTAL ASSETS	126	286	7,251	10,760	32,185	33,252	10,479	12,936			50,042	57,234
LIABILITIES												
Current Liabilities												
Payables	12	9	454	349	4,556	1,079	304	420			5,326	1,857
Provisions	20	9	642	324	994	1,003	250	390			1,906	1,726
Other	1	2	71	78	253	240	88	93			413	413
Total Current Liabilities	33	20	1,167	751	5,803	2,322	642	903			7,645	3,996
Non-Current Liabilities												
Provisions	6	3	196	99	303	307	76	120			581	529
Other	3	7	166	259	801	801	204	311			964	1,378
Total Non-Current Liabilities	9	10	362	358	894	1,108	280	431			1,545	1,907
TOTAL LIABILITIES	42	30	1,529	1,109	6,697	3,430	922	1,334			9,190	5,903
NET ASSETS	84	256	5,722	9,651	25,488	29,822	9,557	11,602			40,852	51,331

* The name and purpose of each service group is summarised in Note 16

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

1. The Reporting Entity

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

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

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

- * The Cancer Institute NSW Special Purpose Service Entity (previously known as the Cancer Institute NSW Division) was established as a Division of the Government service 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 annual 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.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The Cancer Institute NSW is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chief Cancer Officer and CEO on 28 September 2015.

2. Summary of Significant Accounting Policies

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 (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 and Public Finance and Audit Regulation 2015, and the Treasurers' Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(v).

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

The Secretary of Health, the Chair of Cancer Institute NSW Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The service 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 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 of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other mitigating circumstances why the going concern is appropriate include:

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

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale 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.

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. The comparative period is a twelve month period.

Statement of Compliance

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

Significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits and Other Provisions

i) Salaries & Wages, Annual Leave, Sick Leave 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 is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 15.3% are applied to the value of leave payable at 30 June 2015 (Comparable on-costs for 30 June 2014 were 21.55%). The Cancer Institute NSW has assessed the actuarial advice based on the Cancer Institute NSW's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

The Cancer Institute NSW's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

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'.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the reporting period 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 employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions exist 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.

b) Insurance

The Cancer Institute NSW's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

d) Income Recognition

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

Rendering of Services

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

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Grants and Contributions

Grants and contributions are recognised as revenues when the Cancer Institute NSW obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health Allocations

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

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

e) Accounting for the Goods & Services Tax (GST)

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

- * 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.

f) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer Note 2(t)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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.

g) Capitalisation Thresholds

Individual items of Property, Plant & Equipment and Intangibles are capitalised where their cost is \$10,000 or above.

h) 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 separately identifiable components of assets are depreciated over their shorter useful lives.

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

	2015	2014
Computer Equipment	25.0%	25.0%
Office Equipment	14.0%	14.0%
Leasehold Improvements	12.5%	12.5%

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

i) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

j) Impairment of Property, Plant and Equipment

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

k) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

l) Maintenance

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

m) Leased Assets

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

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

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

n) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

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

o) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Cancer Institute NSW determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- * Fair value through profit or loss - The Institute subsequently measures investments designated upon initial recognition at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'

p) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale", must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

q) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Cancer Institute NSW transfers the financial asset:

- * where substantially all the risks and rewards have been transferred; or
- * where the Cancer Institute NSW has not transferred substantially all the risks and rewards, if the Cancer Institute NSW has not retained control.

Where the Cancer Institute NSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Cancer Institute NSW's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

r) Payables

These amounts represent liabilities for goods and services provided to the Cancer Institute NSW and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

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.

s) Fair Value Hierarchy

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

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

t) Equity Transfers

The transfer of net assets between entity is as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian Accounting Interpretation 1038 ,Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

u) Equity and Reserves

(i) Accumulated Funds

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

v) Adjusted Budgeted Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Cancer Institute NSW's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Cancer Institute NSW's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service 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 column entries in the financial statements are denoted as "Unaudited".

w) Service Group Statements Allocation Methodology

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2014, then adjusted for any material change in service delivery or funding distribution occurring in the 2014-15 financial year.

In respect of assets and liabilities the Ministry requires the Cancer Institute NSW take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

x) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, Cancer Institute NSW management is of the opinion that there will be no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to the Cancer Institute NSW as individual budgets are not presented in parliament. Refer note 2(v) on how the Cancer Institute NSW derives its adjusted budgetary information.

(ii) Issued but not yet effective

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

AASB 9, Financial Instruments, has application from 1 January 2018. The standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2017. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements. This standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 Jan 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 Jan 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. It has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

AASB 2015-01, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]. This has application from 1 January 2016.

AASB 2015-02, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB 2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

AASB 2015-5, Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128], has application from 1 January 2016. This standard is unlikely to have any impact on this entity as the exceptions would be hard to satisfy.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard could potentially increase the level of disclosure required for not for profit entities where delegated power exists for senior officers of the entity.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		3. Employee Related		
		Employee related expenses comprise the following:		
----	----	Salaries and Wages	16,339	15,884
----	----	Overtime	105	----
----	----	Superannuation - Defined Benefit Plans	27	35
----	----	Superannuation - Defined Contribution Plans	1,582	1,355
----	----	Long Service Leave	213	318
----	----	Annual Leave	1,628	1,473
----	----	Sick Leave and Other Leave	803	----
----	----	Redundancies	351	242
----	----	Workers' Compensation Insurance	75	124
----	----	Fringe Benefits Tax and Payroll Tax	45	942
-----	-----		21,169	20,373
		4. Personnel Services		
		Personnel Services comprise the purchase of the following:		
16,339	15,884	Salaries and Wages	----	----
105	----	Overtime	----	----
1,582	1,355	Superannuation - Defined Contribution Plans	----	----
(90)	(76)	Long Service Leave	----	----
1,628	1,473	Annual Leave	----	----
803	----	Sick Leave and Other Leave	----	----
351	242	Redundancies	----	----
75	124	Workers' Compensation Insurance	----	----
45	942	Fringe Benefits Tax	----	----
20,839	19,944		-----	-----
		5. Other Operating Expenses		
9,121	10,364	Advertising	9,121	10,364
26	46	Auditor's Remuneration - Audit of Financial Statements	26	46
304	448	Consultancies - Other	304	448
20,501	13,683	Contractors	20,501	13,683
65	79	Domestic Supplies and Services	65	79
44	92	Food Supplies	44	92
64	54	Fuel, Light and Power	64	54
2,245	2,022	Information Management Expenses	2,245	2,022
565	383	Maintenance (See (b) below)	565	383
830	764	Postal and Telephone Costs	830	764
523	429	Printing and Stationery	523	429
1,332	1,425	Rental	1,332	1,425
658	472	Staff Related Costs	658	472
441	237	Travel Related Costs	441	237
964	1,634	Other (See (a) below)	964	1,634
37,683	32,132		37,683	32,132

Cancer Institute NSW
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		(a) Other Includes:		
207	----	Corporate Support Services	207	----
9	15	Courier and Freight	9	15
69	113	Legal Services	69	113
28	13	Membership/Professional Fees	28	13
1	6	Other Operating Lease Expense - Minimum Lease Payments	1	6
650	1,487	Other Miscellaneous	650	1,487
964	1,634		964	1,634
		(b) Reconciliation of Total Maintenance		
----	81	Maintenance Contracts	----	81
386	281	New/Replacement Equipment under \$10,000	386	281
174	3	Repairs Maintenance/Non Contract	174	3
5	18	Other	5	18
565	383	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	565	383
565	383	Total Maintenance Expenses	565	383

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		6. Depreciation and Amortisation		
375	320	Depreciation - Plant and Equipment	375	320
489	568	Amortisation - Leasehold Improvements	489	568
498	528	Amortisation - Intangible Assets	498	528
1,362	1,416		1,362	1,416
		7. Grants and Subsidies		
33,678	25,799	Grants to Research Organisations	33,678	25,799
82,710	67,285	Grant Payments to Other NSW Health Entities	82,710	67,285
277	197	Other Grants	277	197
116,665	93,281		116,665	93,281
		8. Finance Costs		
6	32	Unwinding of Present Value Discount	6	32
6	32		6	32

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT

CONSOLIDATION

2015
\$000

2014
\$000

2015
\$000

2014
\$000

9. Sale of Goods and Services

(a) Rendering of Services comprise the following:-

131

Shared Corporate Services

131

131

131

10. Investment Revenue

758

768

Interest

758

768

565

632

T Corp Hour Glass Investment Facilities Designated at Fair Value
through Profit or Loss

565

632

1,323

1,400

1,323

1,400

Cancer Institute NSW
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		11. Grants and Contributions		
		Commonwealth Government Grants	1,076	1,185
1,076	1,185	NSW Government Grants	50	387
50	387	Other Grants	609	105
609	105		<u>1,735</u>	<u>1,677</u>
<u>1,735</u>	<u>1,677</u>			
		12. Acceptance by the Crown Entity of Employee Benefits		
		The following liabilities and expenses have been assumed by the Crown Entity:		
----	----	Superannuation-defined benefit	27	35
----	----	Long Service Leave	303	394
----	----		<u>330</u>	<u>429</u>
<u>----</u>	<u>----</u>			
		13. Other Revenue		
		Other Revenue comprises the following:-		
		Other	1,609	2,534
1,609	2,534		<u>1,609</u>	<u>2,534</u>
<u>1,609</u>	<u>2,534</u>			

Cancer Institute NSW
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		14. Gain / (Loss) on Disposal		
256	1,776	Property, Plant and Equipment	256	1,776
256	1,760	Less: Accumulated Depreciation	256	1,760
-----	-----		-----	-----
-----	16	Written Down Value	-----	16
-----	-----	Less: Proceeds from Disposal	-----	-----
-----	-----		-----	-----
-----	(16)	Gain/(Loss) on Disposal of Property, Plant and Equipment	-----	(16)
-----	-----		-----	-----
-----	(16)	Total Gain/(Loss) on Disposal	-----	(16)
-----	-----		-----	-----

Cancer Institute NSW
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PARENT & CONSOLIDATION

15. Conditions on Contributions

	Purchase of Assets	Total
	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	----	----
Total amount of unexpended contributions as at reporting date	<u>-----</u>	<u>-----</u>

Comment on restricted assets appears in Note 21

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

16. Service Groups of the Cancer Institute NSW

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Cancer Institute NSW
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Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

Cancer Institute NSW
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		17. Cash and Cash Equivalents		
37,993	13,056	Cash at Bank and On Hand	37,993	13,197
----	22,089	Short Term Deposits	----	22,089
<u>37,993</u>	<u>35,145</u>		<u>37,993</u>	<u>35,286</u>
<p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash & 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:</p>				
37,993	35,145	Cash and Cash Equivalents (per Statement of Financial Position)	37,993	35,286
<u>37,993</u>	<u>35,145</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>37,993</u>	<u>35,286</u>

Refer to Note 30 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		18. Receivables		
		Current		
390	2	Sale of Goods and Services	390	7
312	348	Intra Health Receivables	312	348
2,466	2,561	Goods and Services Tax	2,466	2,561
444	1,321	Other Debtors	444	1,321
<hr/>	<hr/>		<hr/>	<hr/>
3,612	4,232	Sub Total	3,612	4,237
-----	-----	Less Allowance for Impairment	-----	-----
<hr/>	<hr/>		<hr/>	<hr/>
3,612	4,232	Sub Total	3,612	4,237
891	12,392	Prepayments	891	12,392
<hr/>	<hr/>		<hr/>	<hr/>
4,503	16,624		4,503	16,629

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 30.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
19. Property, Plant and Equipment				
Plant and Equipment - Fair Value*				
1,775	1,796	Gross Carrying Amount	1,775	1,796
978	858	Less: Accumulated Depreciation and Impairment	978	858
<u>797</u>	<u>938</u>	Net Carrying Amount	<u>797</u>	<u>938</u>
Leasehold Improvements - Fair Value*				
3,878	3,832	Gross Carrying Amount	3,878	3,832
2,218	1,728	Less: Accumulated Depreciation and Impairment	2,218	1,728
<u>1,660</u>	<u>2,104</u>	Net Carrying Amount	<u>1,660</u>	<u>2,104</u>
<u>2,457</u>	<u>3,042</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>2,457</u>	<u>3,042</u>

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

Cancer Institute NSW
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PARENT & CONSOLIDATION

19. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Plant and Equipment	Leasehold Improvements	Total
	\$000	\$000	\$000
2015			
Net Carrying Amount at Start of Year	938	2,104	3,042
Additions	14,425	46	14,471
Disposals	----	----	----
Administrative Restructures - Transfers In/(Out)	----	----	----
Transfers to NSW Health Entities through Statement of Comprehensive Income	(14,191)	----	(14,191)
Depreciation Expense	(375)	(489)	(864)
Net Carrying Amount at End of Year	797	1,661	2,458

	Plant and Equipment	Leasehold Improvements	Total
	\$000	\$000	\$000
2014			
Net Carrying Amount at Start of Year	1,092	2,672	3,764
Additions	285	----	285
Disposals	(16)	----	(16)
Administrative Restructures - Transfers In/(Out)	(103)	----	(103)
Transfers to NSW Health Entities through Statement of Comprehensive Income	----	----	----
Depreciation Expense	(320)	(568)	(888)
Net Carrying Amount at End of Year	938	2,104	3,042

Cancer Institute NSW
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for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		20. Intangible Assets		
		Intangibles		
6,954	3,645	Cost (Gross Carrying Amount)	6,954	3,645
1,865	1,368	Less Accumulated Amortisation and Impairment	1,865	1,368
<u>5,089</u>	<u>2,277</u>	Net Carrying Amount	<u>5,089</u>	<u>2,277</u>
<u>5,089</u>	<u>2,277</u>	Total Intangible Assets at Net Carrying Amount	<u>5,089</u>	<u>2,277</u>

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20. Intangibles - Reconciliation

	Intangibles \$000
2015	
Net Carrying Amount at Start of Year	2,277
Additions (From Internal Development or Acquired Separately)	3,310
Disposals	-----
Amortisation (Recognised in Depreciation and Amortisation)	(498)
Net Carrying Amount at End of Year	5,089
2014	
Net Carrying Amount at Start of Year	2,518
Additions (From Internal Development or Acquired Separately)	287
Disposals	-----
Amortisation (Recognised in Depreciation and Amortisation)	(528)
Net Carrying Amount at End of Year	2,277

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2015
\$000

2014
\$000

2015
\$000

2014
\$000

21. Restricted Assets

The Cancer Institute NSW's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Category

-----	11,192	Specific Purposes	-----	11,192
-----	11,192		-----	11,192
<u>-----</u>	<u>11,192</u>		<u>-----</u>	<u>11,192</u>

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		22. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	733	439
----	----	Taxation and Payroll Deductions	100	105
833	398	Accrued Liability - Purchase of Personnel Services	----	----
616	42	Creditors	616	42
1,146	657	- Intra Health Liability	1,146	657
2,731	614	- Other	2,731	614
5,326	1,711		5,326	1,857

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 30.

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
23. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	1,719	1,409
----	----	Annual Leave - Long Term Benefit	34	74
----	----	Long Service Leave Consequential On-Costs	153	243
1,906	1,726	Provision for Personnel Services Liability	----	----
1,906	1,726	Total Current Provisions	1,906	1,726
Non-Current				
----	----	Long Service Leave Consequential On-Costs	13	13
568	516	Other	568	516
13	13	Provision for Personnel Services Liability	----	----
581	529	Total Non-Current Provisions	581	529
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	1,906	1,726
----	----	Provisions - Non-Current	13	13
----	----	Accrued Salaries, Wages and On-Costs (Note 22)	833	544
2,752	2,284	Liability - Purchase of Personnel Services	----	----
2,752	2,284		2,752	2,283
24. Other Liabilities				
Current				
413	413	Other	413	413
413	413		413	413
Non-Current				
964	1,378	Other	964	1,378
964	1,378		964	1,378

Other Non-Current Liabilities are for makegood of leased premises as required in the conditions of the lease. Expected outflow in November 2018, \$568,000 (2014: 516,000) dependent upon extension of current lease.

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000	25. Commitments for Expenditure	2015 \$000	2014 \$000
		(a) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
1,830	1,607	Not later than one year	1,830	1,607
4,388	5,707	Later than one year and not later than five years	4,388	5,707
----	----	Later than five years	----	----
<u>6,218</u>	<u>7,314</u>	Total Operating Lease Commitments (Including GST)	<u>6,218</u>	<u>7,314</u>

The operating lease commitments above are for leased premises.

(b) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$6.2m million as at 30 June 2015 includes input tax credits of \$0.6m that are expected to be recoverable from the Australian Taxation Office (2014 \$0.7m).

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26. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2009/10 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

As a result, the 2010/11 final and 2012/13 adjustments pertaining to the hospitals and community services now forming part of the Cancer Institute NSW will be paid in 2015/16. It is not possible for the Cancer Institute NSW to reliably quantify the benefit to be received or amount payable.

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
27. Reconciliation of Cash Flows from Operating Activities to Net Result				
6,437	(13,653)	Net Cash Flows from Operating Activities	6,296	(13,635)
(1,362)	(1,416)	Depreciation	(1,362)	(1,416)
(228)	3,998	(Increase)/ Decrease in Provisions	(228)	3,985
(12,222)	6,611	Increase / (Decrease) in Prepayments and Other Assets	(12,081)	6,606
(3,104)	14,983	(Increase)/ Decrease in Payables from Operating Activities	(3,104)	14,983
----	(16)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	----	(16)
(10,479)	10,507	Net Result	(10,479)	10,507

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28. Adjusted Budget Review - Parent and Consolidated

Net Result

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

Lower than budgeted expenses of \$1.7 million mainly due to delays in media campaigns, and minor delays in cancer information systems projects; and higher than budgeted revenue of \$1.6 million which was primarily due to a payroll tax refund received by the Cancer Institute NSW of \$1.8 million backdated to April 2013.

Assets and Liabilities

Net Assets were higher than budget by \$3.3 million due to the favourable net result for the year.

Cash Flows

Actual cash of \$38 million is \$9 million higher than budget primarily due to lower than budgeted payments of \$6.5 million due to prepayments in 2013/14 of \$7.7 million, and higher than budgeted receipts of \$2.1 million which was mainly due to the payroll tax refund.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 28 07 2014 are as follows:

	\$000
Initial Allocation, as per Service Compact July 2014	160,816
Crown Acceptance Long Service Leave	(320)
Other	<u>(193)</u>
Balance as per Statement of Comprehensive Income	<u><u>160,303</u></u>

Cancer Institute NSW
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29. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2013/14 year were:

A decrease in net assets of \$0.247M relating to the transfer of the Centre for Health Record Linkage (CHeReL) from the Cancer Institute NSW to the Health System Support Group (HSSG) which is a division of the Health Administration Corporation.

Equity transfers effected in the 2014/15 year were:

No equity transfers were effected in 2014/15.

	2015	2014
	\$000	\$000
Equity transfers effected comprised:		
CHeReL- transferred to HSSG	-----	(247)
	-----	(247)
<hr/>		
Assets and Liabilities transferred are as follows:		
	2015	2014
	\$000	\$000
Assets		
Cash	-----	(341)
Computer Equipment	-----	(103)
Liabilities		
Long Service Leave	-----	110
Recreation Leave	-----	87
Increase/(Decrease) in Net Assets From Equity Transfers	-----	(247)

Cancer Institute NSW
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30. 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 CEO 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 risk faced by the Cancer Institute NSW, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a regular basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Class:	Category	Carrying Amount 2015 \$000	Carrying Amount 2014 \$000
Financial Assets			
Cash and Cash Equivalents (note 17)	N/A	37,993	35,286
Receivables (note 18)*	Loans and receivables (at amortised cost)	1,146	1,676
Total Financial Assets		<u>39,139</u>	<u>36,962</u>
Financial Liabilities			
Payables (note 22)**	Financial liabilities measured at amortised cost	5,226	1,752
Total Financial Liabilities		<u>5,226</u>	<u>1,752</u>

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Cancer Institute NSW
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(b) 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 impairment).

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

Credit risk associated with the Cancer Institute NSW's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.40% in 2014/15 compared to 1.31% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

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

The Cancer Institute NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: \$315K; 2014: \$598K) and not more than 3 months past due (2015: \$312K; 2014: \$138K) are not considered impaired. Together these represent 100% of the total trade debtors.

Cancer Institute NSW
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2015	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	312	312	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----
2014			
<3 months overdue	138	138	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----

Notes

1 Each column in the table reports "gross receivables".

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Authority Deposits

At the start of the year the Cancer Institute NSW had placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits were discontinued in May 2015. Over the year the weighted average interest rate was 2.58% (2014 - 2.90%) on a weighted average balance during the year of \$22m (2014 - \$22m).

Cancer Institute NSW
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(c) Liquidity Risk

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

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

During the current and prior years, 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 2).

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

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

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure	Maturity Dates
	Nominal Amount ¹	Non - Interest Bearing < 1 Yr
	\$000	\$000
2015		\$000
Payables:		
- Accrued Salaries Wages, On-Costs and Payroll Deductions	733	733
- Creditors	4,493	4,493
	5,226	5,226
2014		
Payables:		
- Accrued Salaries Wages, On-Costs and Payroll Deductions	439	439
- Creditors	1,313	1,313
	1,752	1,752

Notes:

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

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(d) 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's exposures to market risk are primarily through interest rate risk on the Cancer Institute NSW's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Cancer Institute NSW has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit 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 for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Cancer Institute NSW does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of 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 RBA 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.

Cancer Institute NSW
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The Cancer Institute NSW's exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Net Result	Equity	Profit	+1% Equity
2015					
Financial Assets					
Cash and Cash Equivalents	37,993	(380)	(380)	380	380
Receivables	1,146	----	----	----	----
Financial Liabilities					
Payables	5,226	----	----	----	----
2014					
Financial Assets					
Cash and Cash Equivalents	35,286	(353)	(353)	353	353
Receivables	1,676	----	----	----	----
Financial Liabilities					
Payables	1,752	----	----	----	----

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Other price risk - TCorp Hour-Glass Investment facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Cancer Institute NSW has no direct equity investments. The Cancer Institute NSW holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2015 \$000	2014 \$000
Cash facility	Cash and money market instruments	Up to 1.5 years	-----	22,089

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Cancer Institute NSW's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2015 \$000	2014 \$000
Hour-Glass Investment - Cash facility	+/- 1%	-----	221

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

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.

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(ii) Fair Value recognised in the Statement of Financial Position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Invt.Facility		-----		-----
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility		22,089		22,089

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

As discussed, the value of the Hour-Glass Investments is based on the Cancer Institute NSW's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

31. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS