

Cancer Institute NSW

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Cancer Institute NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Cancer Institute NSW (the Institute), which comprise the statement of financial position as at 30 June 2016, 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.

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 2016, 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 *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 those standards are further 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 auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of 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

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

Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer 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 Chief Executive Officer 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.

In preparing the financial statements, the Chief Executive Officer must assess the ability of the Institute and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

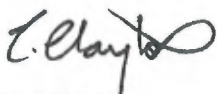
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

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 further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



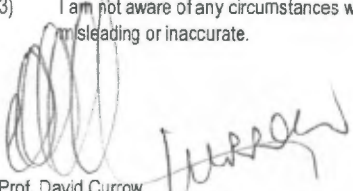
Chris Clayton
Director, Financial Audit Services

23 September 2016
SYDNEY

Cancer Institute NSW
Certification of the Financial Statements
for the year ended 30 June 2016

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 2016 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 Regulation 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) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.


Prof. David Currow
Chief Cancer Officer and CEO
22 September 2016


The Hon. Morris Iemma
Chairperson
22 September 2016

Cancer Institute NSW
Statement of Comprehensive Income for the year ended 30 June 2016

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual	
2016	2016	2015		2016	2016	2015	
\$000	\$000	\$000		\$000	\$000	\$000	
							Expenses excluding losses
							Operating Expenses
—	—	—					Employee Related
22,419	26,010	20,839	2	23,729	27,330	21,169	Personnel Services
42,181	38,925	37,683	3	—	—	—	Other Operating Expenses
2,107	2,047	1,362	4	42,181	38,925	37,683	Depreciation and Amortisation
106,143	108,493	116,665	1(f), 5	2,107	2,047	1,362	Grants and Subsidies
29	31	6	6	106,143	108,493	116,665	Finance Costs
			1(g), 7	29	31	6	
172,879	175,506	176,555		174,189	176,826	176,885	Total Expenses excluding losses
							Revenue
127,882	127,882	160,303	1(h)	127,882	127,882	160,303	NSW Ministry of Health Recurrent Allocations
426	775	975	1(h)	426	775	975	NSW Ministry of Health Capital Allocations
—	—	—	1(e)(ii), 11	1,310	1,320	330	Acceptance by the Crown Entity of Employee Benefits
169	43	131	8	169	43	131	Sale of Goods and Services
—	604	1,323	9	—	604	1,323	Investment Revenue
990	764	1,735	10	990	764	1,735	Grants and Contributions
474	468	1,609	12	474	468	1,609	Other Revenue
129,941	130,536	166,076		131,251	131,856	166,406	Total Revenue
(84)	—	—	13	(84)	—	—	Other Gains / (Losses)
(43,022)	(44,970)	(10,479)	24	(43,022)	(44,970)	(10,479)	Net Result
(43,022)	(44,970)	(10,479)		(43,022)	(44,970)	(10,479)	TOTAL COMPREHENSIVE INCOME

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Financial Position as at 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000
ASSETS						
Current Assets						
2,177	3,435	37,993		2,177	3,435	37,993
2,648	4,733	4,503	15	2,648	4,733	4,503
<u>4,825</u>	<u>8,168</u>	<u>42,496</u>	16	<u>4,825</u>	<u>8,168</u>	<u>42,496</u>
Non-Current Assets						
698	1,521	797		698	1,521	797
1,155	1,604	1,660	17	1,155	1,604	1,660
<u>1,853</u>	<u>3,125</u>	<u>2,457</u>	17	<u>1,853</u>	<u>3,125</u>	<u>2,457</u>
6,407	4,892	5,089		6,407	4,892	5,089
<u>8,260</u>	<u>8,017</u>	<u>7,546</u>	18	<u>8,260</u>	<u>8,017</u>	<u>7,546</u>
<u>13,085</u>	<u>16,185</u>	<u>50,042</u>		<u>13,085</u>	<u>16,185</u>	<u>50,042</u>
LIABILITIES						
Current Liabilities						
11,423	17,005	5,326		11,423	17,005	5,326
2,252	1,855	1,906	19	2,252	1,855	1,906
413	413	413	20	413	413	413
<u>14,088</u>	<u>19,273</u>	<u>7,645</u>	21	<u>14,088</u>	<u>19,273</u>	<u>7,645</u>
Non-Current Liabilities						
616	588	581		616	588	581
551	443	964	20	551	443	964
<u>1,167</u>	<u>1,031</u>	<u>1,545</u>	21	<u>1,167</u>	<u>1,031</u>	<u>1,545</u>
<u>15,255</u>	<u>20,304</u>	<u>9,190</u>		<u>15,255</u>	<u>20,304</u>	<u>9,190</u>
<u>(2,170)</u>	<u>(4,119)</u>	<u>40,852</u>		<u>(2,170)</u>	<u>(4,119)</u>	<u>40,852</u>
EQUITY						
(2,170)	(4,119)	40,852		(2,170)	(4,119)	40,852
<u>(2,170)</u>	<u>(4,119)</u>	<u>40,852</u>		<u>(2,170)</u>	<u>(4,119)</u>	<u>40,852</u>

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Cash Flows for the year ended 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016	2016	2015		2016	2016	2015
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---				
(112,321)	(114,672)	(120,726)		(22,750)	(26,471)	(20,852)
(59,814)	(56,467)	(45,095)		(112,321)	(114,672)	(120,726)
				(37,064)	(29,996)	(24,584)
<u>(172,135)</u>	<u>(171,139)</u>	<u>(165,821)</u>		<u>(172,135)</u>	<u>(171,139)</u>	<u>(165,962)</u>
Receipts						
127,882	127,882	160,303		127,882	127,882	160,303
426	775	975		426	775	975
331	331	234		331	331	234
287	6	271		287	6	271
---	604	1,323		---	604	1,323
990	764	1,785		990	764	1,785
9,222	8,735	7,367		9,222	8,735	7,367
<u>139,138</u>	<u>139,097</u>	<u>172,258</u>		<u>139,138</u>	<u>139,097</u>	<u>172,258</u>
<u>(32,997)</u>	<u>(32,042)</u>	<u>6,437</u>		<u>(32,997)</u>	<u>(32,042)</u>	<u>6,296</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
(2,819)	(2,516)	(3,589)		(2,819)	(2,516)	(3,589)
<u>(2,819)</u>	<u>(2,516)</u>	<u>(3,589)</u>		<u>(2,819)</u>	<u>(2,516)</u>	<u>(3,589)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES						
(35,816)	(34,558)	2,848		(35,816)	(34,558)	2,707
37,993	37,993	35,145		37,993	37,993	35,286
NET INCREASE / (DECREASE) IN CASH						
Opening Cash and Cash Equivalents						
<u>2,177</u>	<u>3,435</u>	<u>37,993</u>		<u>2,177</u>	<u>3,435</u>	<u>37,993</u>
CLOSING CASH AND CASH EQUIVALENTS						

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Changes in Equity for the year ended 30 June 2016

PARENT AND CONSOLIDATION	Accumulated Funds	Total
	\$000	\$000
Balance at 1 July 2015	40,852	40,852
Total Equity at 1 July 2015	40,852	40,852
Net Result for the year	(43,022)	(43,022)
Total Comprehensive Income for the year	(43,022)	(43,022)
Balance at 30 June 2016	(2,170)	(2,170)
Balance at 1 July 2014	51,331	51,331
Total Equity at 1 July 2014	51,331	51,331
Net Result for the year	(10,479)	(10,479)
Total Comprehensive Income for the year	(10,479)	(10,479)
Balance at 30 June 2015	40,852	40,852

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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenses Excluding Losses												
Operating Expenses												
Employee Related	78	222	9,995	7,135	10,938	11,040	2,718	2,772	—	—	23,729	21,169
Other Operating Expenses	423	82	5,508	3,211	32,699	32,236	3,551	2,154	—	—	42,181	37,683
Depreciation and Amortisation	8	2	255	130	1,342	792	502	438	—	—	2,107	1,362
Grants and Subsidies	492	227	17,192	19,935	56,471	64,387	31,988	32,116	—	—	106,143	116,665
Finance Costs	—	—	—	1	17	5	7	—	—	—	29	6
Total Expenses Excluding Losses	1,001	533	32,955	30,412	101,467	108,460	38,766	37,480	—	—	174,189	176,885
Revenue												
NSW Ministry of Health Recurrent Allocations **									127,882	180,303	127,882	160,303
NSW Ministry of Health Capital Allocations **									426	975	426	975
Acceptance by the Crown Entity of Employee Benefits	102	4	608	111	557	172	43	43	—	—	1,310	330
Sale of Goods and Services	43	—	21	—	100	131	5	—	—	—	169	131
Investment Revenue	—	4	—	239	—	802	—	278	—	—	—	1,323
Grants and Contributions	159	—	118	—	684	1,735	29	—	—	—	990	1,735
Other Revenue	94	—	44	—	318	1,609	18	—	—	—	474	1,609
Total Revenue	398	8	781	350	1,659	4,449	95	321	128,308	181,278	131,251	166,406
Other Gains / (Losses)	—	—	—	—	—	—	—	—	(84)	—	(84)	—
Net Result	(603)	(525)	(32,144)	(30,062)	(99,808)	(104,011)	(38,871)	(37,159)	128,224	181,278	(43,022)	(10,479)
Total Comprehensive Income	(603)	(525)	(32,144)	(30,062)	(99,808)	(104,011)	(38,871)	(37,159)	128,224	181,278	(43,022)	(10,479)

* The name and purpose of each service group is summarised in Note 14

** 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 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS												
Current Assets												
Cash and Cash Equivalents	13	115	412	6,532	1,268	23,266	484	8,050	---	---	2,177	37,093
Receivables	689	---	322	---	1,561	4,503	76	---	---	---	2,648	4,503
Total Current Assets	702	115	734	6,532	2,829	27,799	560	8,050	---	---	4,825	42,490
Non-Current Assets												
- Plant and Equipment	2	1	85	76	445	463	166	257	---	---	690	797
- Leasehold Improvements	4	3	140	158	736	965	275	534	---	---	1,155	1,660
Intangible Assets	23	8	776	485	4,082	2,958	1,526	1,638	---	---	6,407	5,089
Total Non-Current Assets	29	12	1,001	719	5,203	4,316	1,967	2,429	---	---	8,260	7,546
TOTAL ASSETS	731	127	1,735	7,251	8,032	32,115	2,527	10,479	---	---	13,085	50,042
LIABILITIES												
Current Liabilities												
Payables	114	12	1,492	454	8,855	4,556	962	304	---	---	11,423	5,326
Provisions	7	20	949	642	1,038	954	258	250	---	---	2,252	1,906
Other	2	1	78	71	241	253	92	88	---	---	413	413
Total Current Liabilities	123	33	2,519	1,167	10,134	5,803	1,312	642	---	---	14,008	7,645
Non-Current Liabilities												
Provisions	2	6	259	196	284	303	71	76	---	---	616	581
Other	3	3	104	166	321	591	123	204	---	---	551	954
Total Non-Current Liabilities	5	9	363	362	605	894	194	280	---	---	1,167	1,545
TOTAL LIABILITIES	128	42	2,882	1,529	10,739	6,697	1,506	922	---	---	15,235	9,190
NET ASSETS	603	85	(1,147)	5,722	(2,647)	25,488	1,021	9,557	---	---	(2,170)	40,852

* The name and purpose of each service group is summarised in Note 14

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a) The Reporting Entity

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

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

The Cancer Institute NSW 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 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 2016 have been authorised for issue by the Chief Cancer Officer and CEO on 22 September 2016.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

b) Basis of Preparation

The Cancer Institute NSW's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (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 adjusted budget figures can be found at Note 1(z).

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

The Secretary of Health, the Chair of the 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.

c) Comparative Information

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

d) Statement of Compliance

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

e) 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 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 2016 (comparable on-costs for 30 June 2015 were 15.3%). 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.

f) 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.

g) 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.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

h) 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.

i) 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.

j) 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.

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.

k) Capitalisation Thresholds

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

l) 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:

	2016	2015
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.

m) 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.

n) 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.

o) 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.

p) Intangible Assets

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

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

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

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.

Computer software developed or acquired by the Cancer Institute NSW are recognised as intangible assets and are amortised over four or ten years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

q) 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.

r) 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.

s) 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.

t) 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 Cancer Institute NSW subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

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'.

u) 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.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

v) 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.

w) 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.

x) Fair Value Hierarchy

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

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

y) Equity and Reserves

(i) Accumulated Funds

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

z) 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".

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

aa) Service Group Statements Allocation Methodology

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2015, then adjusted for any material change in service delivery or funding distribution occurring in the 2015-16 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.

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

(i) Effective for the first time in 2015-16

The accounting policies applied in - 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 early adoption of AASB 2015-7, Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. The standard allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

(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 16, Leases will have application from 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. We believe that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term (<12 months) and low value, brought on balance sheet.

AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3, Revenue from Contracts with Customers, has application from 1 January 2018. 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 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 is likely to increase disclosures to the financial statements relating to related party transactions, outstanding balances and Key Management Personnel remuneration.

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 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. 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). The change is not expected to materially impact the financial statements.

AASB 2016-2, Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, will apply from 1 January 2017. The standard amends AASB 107 to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		2. Employee Related		
---	---	Salaries and Wages (including annual leave)	20,398	18,876
---	---	Superannuation - Defined Benefit Plans	21	27
---	---	Superannuation - Defined Contribution Plans	1,821	1,582
---	---	Long Service Leave	1,375	213
---	---	Redundancies	21	351
---	---	Workers' Compensation Insurance	69	75
---	---	Fringe Benefits Tax	24	45
---	---		<u>23,729</u>	<u>21,169</u>
		3. Personnel Services		
20,398	18,876	Salaries and Wages	---	---
1,821	1,582	Superannuation - Defined Contribution Plans	---	---
86	(90)	Long Service Leave	---	---
21	351	Redundancies	---	---
69	75	Workers' Compensation Insurance	---	---
24	45	Fringe Benefits Tax	---	---
<u>22,419</u>	<u>20,839</u>		<u>---</u>	<u>---</u>
		4. Other Operating Expenses		
9,393	9,121	Advertising	9,393	9,121
58	26	Auditor's Remuneration - Audit of Financial Statements	58	26
356	304	Consultancies	356	304
23,047	20,501	Contractors	23,047	20,501
65	65	Domestic Supplies and Services	65	65
46	44	Food Supplies	46	44
55	64	Fuel, Light and Power	55	64
1,801	2,245	Information Management Expenses	1,801	2,245
595	565	Maintenance (See 4(b) below)	595	565
879	830	Postal and Telephone Costs	879	830
772	523	Printing and Stationery	772	523
1,460	1,332	Rental	1,460	1,332
412	658	Staff Related Costs	412	658
473	441	Travel Related Costs	473	441
2,769	964	Other (See 4(a) below)	2,769	964
<u>42,181</u>	<u>37,683</u>		<u>42,181</u>	<u>37,683</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		4. Other Operating Expenses		
		a) Other Includes:		
320	207	Corporate Support Services	320	207
38	9	Courier and Freight	38	9
67	69	Legal Services	67	69
25	28	Membership/Professional Fees	25	28
----	1	Other Operating Lease Expense - Minimum Lease Payments	---	1
2,319	650	Other Miscellaneous	2,319	650
2,769	964		2,769	964
		b) Reconciliation of Total Maintenance		
400	386	New/Replacement Equipment under \$10,000	400	386
193	174	Repairs Maintenance/Non Contract	193	174
2	5	Other	2	5
595	565	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	595	565
595	565		595	565

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		5. Depreciation and Amortisation		
414	375	Depreciation - Plant and Equipment	414	375
505	489	Amortisation - Leasehold Improvements	505	489
1,188	498	Amortisation - Intangible Assets	1,188	498
<u>2,107</u>	<u>1,362</u>		<u>2,107</u>	<u>1,362</u>
		6. Grants and Subsidies		
29,291	33,678	Grants to Research Organisations	29,291	33,678
76,567	82,710	Grants to Other NSW Health Entities	76,567	82,710
285	277	Other Grants	285	277
<u>106,143</u>	<u>116,665</u>		<u>106,143</u>	<u>116,665</u>
		7. Finance Costs		
29	6	Unwinding of Present Value Discount	29	6
<u>29</u>	<u>6</u>		<u>29</u>	<u>6</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		8. Sale of Goods and Services		
		a) Rendering of Services comprise the following:-		
169	131	Shared Corporate Services	169	131
169	131		169	131
		9. Investment Revenue		
----	758	Interest	----	758
----	565	T Corp Hour Glass Investment Facilities Designated at Fair Value through Profit or Loss	----	565
----	1,323		----	1,323

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		10. Grants and Contributions		
755	1,076	Commonwealth Government Grants	755	1,076
50	50	NSW Government Grants	50	50
185	609	Other Grants	185	609
<u>990</u>	<u>1,735</u>		<u>990</u>	<u>1,735</u>
		11. Acceptance by the Crown Entity of Employee Benefits		
		The following liabilities and expenses have been assumed by the Crown Entity:		
---	---	Superannuation-defined benefit	21	27
---	---	Long Service Leave	1,289	303
<u>---</u>	<u>---</u>		<u>1,310</u>	<u>330</u>
		12. Other Revenue		
		Other Revenue comprises the following:-		
474	1,609	Other	474	1,609
<u>474</u>	<u>1,609</u>		<u>474</u>	<u>1,609</u>
		13. Other Gains / (Losses)		
(84)	---	Impairment of Receivables	(84)	---
<u>(84)</u>	<u>---</u>		<u>(84)</u>	<u>---</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

14. 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.

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
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		15. Cash and Cash Equivalents		
<u>2,177</u>	<u>37,993</u>	Cash at Bank and On Hand	<u>2,177</u>	<u>37,993</u>
<u><u>2,177</u></u>	<u><u>37,993</u></u>		<u><u>2,177</u></u>	<u><u>37,993</u></u>
		For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.		
		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:		
<u>2,177</u>	<u>37,993</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>2,177</u>	<u>37,993</u>
<u><u>2,177</u></u>	<u><u>37,993</u></u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u><u>2,177</u></u>	<u><u>37,993</u></u>

Refer to Note 26 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 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		16. Receivables		
		Current		
99	390	Sale of Goods and Services	99	390
662	312	Intra Health Receivables	662	312
1,569	2,466	Goods and Services Tax	1,569	2,466
26	444	Other Debtors	26	444
<u>2,356</u>	<u>3,612</u>	Sub Total	<u>2,356</u>	<u>3,612</u>
---	---	Less Allowance for Impairment	---	---
2,356	3,612	Sub Total	2,356	3,612
292	891	Prepayments	292	891
<u>2,648</u>	<u>4,503</u>		<u>2,648</u>	<u>4,503</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 26.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		17. Property, Plant and Equipment		
		Plant and Equipment - Fair Value*		
2,090	1,775	Gross Carrying Amount	2,090	1,775
1,392	978	Less: Accumulated Depreciation and Impairment	1,392	978
<u>698</u>	<u>797</u>	Net Carrying Amount	<u>698</u>	<u>797</u>
		Leasehold Improvements - Fair Value*		
3,878	3,878	Gross Carrying Amount	3,878	3,878
2,723	2,218	Less: Accumulated Depreciation and Impairment	2,723	2,218
<u>1,155</u>	<u>1,660</u>	Net Carrying Amount	<u>1,155</u>	<u>1,660</u>
<u>1,853</u>	<u>2,457</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,853</u>	<u>2,457</u>

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

17. 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 \$000	Leasehold Improvements \$000	Total \$000
2016			
Net carrying amount at start of year	797	1,660	2,457
Additions	4,729	----	4,729
Disposals	----	----	----
Transfers within NSW Health Entities through Statement of Comprehensive Income	(4,414)	----	(4,414)
Depreciation Expense	(414)	(505)	(919)
Net carrying amount at end of year	698	1,155	1,853

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2015			
Net carrying amount at start of year	938	2,104	3,042
Additions	14,425	45	14,470
Disposals	----	----	----
Transfers within 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	1,660	2,457

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		18. Intangible Assets		
		Intangibles		
9,460	6,954	Cost (Gross Carrying Amount)	9,460	6,954
3,053	1,865	Less Accumulated Amortisation and Impairment	3,053	1,865
<u>6,407</u>	<u>5,089</u>	Net Carrying Amount	<u>6,407</u>	<u>5,089</u>
<u>6,407</u>	<u>5,089</u>	Total Intangible Assets at Net Carrying Amount	<u>6,407</u>	<u>5,089</u>

PARENT & CONSOLIDATION

18. Intangibles - Reconciliation

	Intangibles \$000	Total \$000
2016		
Net carrying amount at start of year	5,089	5,089
Additions (From Internal Development or Acquired Separately)	2,506	2,506
Disposals	---	---
Amortisation (Recognised in Depreciation and Amortisation)	(1,188)	(1,188)
Net carrying amount at end of year	6,407	6,407

	Intangibles \$000	Total \$000
2015		
Net carrying amount at start of year	2,277	2,277
Additions (From Internal Development or Acquired Separately)	3,310	3,310
Disposals	---	---
Amortisation (Recognised in Depreciation and Amortisation)	(498)	(498)
Net carrying amount at end of year	5,089	5,089

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		19. Payables		
		Current		
---	---	Accrued Salaries, Wages and On-Costs	202	733
---	---	Taxation and Payroll Deductions	289	100
491	833	Accrued Liability - Purchase of Personnel Services	---	---
549	616	Creditors	549	616
		Other Creditors		
8,698	1,146	- Intra Health Liability	8,698	1,146
1,685	2,731	- Other	1,685	2,731
<u>11,423</u>	<u>5,326</u>		<u>11,423</u>	<u>5,326</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 26.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		20. Provisions		
		Current		
---	---	Annual Leave - Short Term Benefit	1,766	1,719
---	---	Annual Leave - Long Term Benefit	253	34
---	---	Long Service Leave Consequential On-Costs	233	153
<u>2,252</u>	<u>1,906</u>	Provision for Personnel Services Liability	---	---
<u>2,252</u>	<u>1,906</u>		<u>2,252</u>	<u>1,906</u>
		Non-Current		
---	---	Long Service Leave Consequential On-Costs	20	13
596	568	Other	596	568
<u>20</u>	<u>13</u>	Provision for Personnel Services Liability	---	---
<u>616</u>	<u>581</u>		<u>616</u>	<u>581</u>
		Aggregate Employee Benefits and Related On-Costs		
---	---	Provisions - Current	2,252	1,906
---	---	Provisions - Non-Current	20	13
---	---	Accrued Salaries, Wages and On-Costs (Note 19)	491	833
<u>2,763</u>	<u>2,752</u>	Liability - Purchase of Personnel Services	---	---
<u>2,763</u>	<u>2,752</u>		<u>2,763</u>	<u>2,752</u>
		21. Other Liabilities		
		Current		
<u>413</u>	<u>413</u>	Other	<u>413</u>	<u>413</u>
<u>413</u>	<u>413</u>		<u>413</u>	<u>413</u>
		Non-Current		
<u>551</u>	<u>964</u>	Other	<u>551</u>	<u>964</u>
<u>551</u>	<u>964</u>	Other Non-Current Liabilities are for makegood of leased premises as required in the conditions of the lease. Expected outflow in November 2018, \$596,000 (2015: 568,000) dependent upon extension of current lease.	<u>551</u>	<u>964</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
22. Commitments for Expenditure				
a) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
1,881	1,830	Not later than one year	1,881	1,830
2,493	4,388	Later than one year and not later than five years	2,493	4,388
----	----	Later than five years	----	----
<u>4,374</u>	<u>6,218</u>	Total Operating Lease Commitments (Including GST)	<u>4,374</u>	<u>6,218</u>

The operating lease commitments above are for leased premises.

Operating lease payments mainly represent rental payable for certain properties. Some of these operating lease arrangements have renewal options and rental escalation clauses, though the effect of these is not material. No arrangements have been entered into for contingent rental payments. The total minimum lease payments expected to be made under non-cancellable leases until 31 October 2018 is \$4.4 million (2015: \$6.2 million).

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

The total of 'Commitments for Expenditure' above, i.e. \$4.4m million as at 30 June 2016 includes input tax credits of \$0.4m that are expected to be recoverable from the Australian Taxation Office (2015 \$0.6m).

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT AND CONSOLIDATED

23. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund workers compensation insurance hindsight adjustments are calculated 3 years (interim) and 5 years (final) after the start of each policy year. Hindsight (payments/refunds) adjust insurance contributions paid to reflect actual claims experience. iCare Self Insurance (manager of the Treasury Managed Fund) calculates hindsight adjustments after the 'hindsight date' has past. At 30 June 2016, hindsight adjustments were due for the 2011/12 (final) and 2013/14 (interim) policy years. Adjustments for the 30 June 2016 'hindsight date' have not been provided by the Treasury Managed Fund. It is not possible for the Cancer Institute NSW to reliably quantify the hindsight benefit to be received or amount payable.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
24. Reconciliation of Cash Flows from Operating Activities to Net Result				
(32,997)	6,437	Net Cash Flows from Operating Activities	(32,997)	6,296
(2,107)	(1,362)	Depreciation and Amortisation	(2,107)	(1,362)
(84)	---	Allowance for Impairment	(84)	---
(381)	(228)	(Increase)/ Decrease in Provisions	(381)	(228)
(1,733)	(12,222)	Increase / (Decrease) in Prepayments and Other Assets	(1,733)	(12,081)
(5,720)	(3,104)	(Increase)/ Decrease in Payables from Operating Activities	(5,720)	(3,104)
<u>(43,022)</u>	<u>(10,479)</u>	Net Result	<u>(43,022)</u>	<u>(10,479)</u>

NSW Treasury Circular 15-01 Cash Management - Expanding the Scope of the Treasury Management System requires that non-restricted cash and cash equivalents in excess of a readily assessable short term level, be held within the Treasury Banking System. In the 2016 financial year the Cancer Institute NSW was required to reduce its excess opening cash balance of \$25.3 million with a concurrent reduction in health recurrent allocations revenue. A Further adjustment of \$15.1 million was made in June 2016 to meet the Treasury requirement.

The Cancer Institute NSW has internal processes to estimate its forward cash inflows (including subsidy) and outflows requirements so that it can service its liabilities as and when they fall due.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT AND CONSOLIDATION

25. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$2 million, primarily due to:

Minor delays in information systems projects and lower than anticipated research equipment grants (\$2.6 million) mitigated by lower own source revenue (\$0.6 million).

Assets and Liabilities

Net Assets were higher than budget by \$2 million due to the higher than budgeted net result for the year. Adjusted budget and actual show a negative net assets position as at 30 June 2016. This was caused by the NSW Treasury Circular 15-01 Cash Management - Expanding the Scope of the Treasury Management System requiring that non-restricted cash and cash equivalents in excess of a readily assessable short term level, be held within the Treasury Banking System.

In the 2016 financial year the Cancer Institute NSW was required to reduce its excess opening cash balance of \$25.3million, and a further \$15.1million adjustment was made in June 2016. These adjustments resulted in a net result of (\$43) million. Furthermore the Cancer Institute NSW changed the method of processing Intra Health grant payments from January 2016. The change resulted in a larger IntraHealth payables balance (\$8.6million as at 30 June 2016) in the balance sheet that is settled in the following month.

The Cancer Institute NSW has internal processes to estimate its forward cash inflows (including subsidy) and outflows requirements so that it can service its liabilities as and when they fall due.

Cash Flows

Actual cash balance of \$2 million is on budget and meets the cash holding requirement as per Ministry of Health guidelines.

Movements in the level of the NSW Ministry of Health recurrent allocation that have occurred since the time of the initial allocation are as follows:

	\$000
Initial allocation, as per Service Compact July 2015	142,898
Transfer of radiotherapy information system officer role	141
NSW Public health training program placements	(96)
Recurrent subsidy adjustment to maintain required cash balance	(15,061)
	<hr/>
Balance as per Statement of Comprehensive Income	127,882

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

26. 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

Financial Assets Class:	Category	Carrying Amount 2016 \$000	Carrying Amount 2015 \$000
Cash and Cash Equivalents (note 15)	N/A	2,177	37,993
Receivables (note 16)*	Loans and receivables (at amortised cost)	787	1,146
		<u>2,964</u>	<u>39,139</u>
Financial Liabilities			
Payables (note 19)**	Financial liabilities measured at amortised cost	11,134	5,226
		<u>11,134</u>	<u>5,226</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)

(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. No interest was earned on daily bank balances compared to 2.40% in the previous year.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

26. Financial Instruments
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 (2016: \$207K; 2015: \$315K) and not more than 3 months past due (2016: \$207K; 2015: \$312K) are not considered impaired. Together these represent 100% of the total trade debtors.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	207	207	---
3 months - 6 months overdue	---	---	---
> 6 months overdue	---	---	---
2015			
<3 months overdue	312	312	---
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.

(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 1).

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.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

26. Financial Instruments

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

Maturity Analysis and Interest rate exposure of financial liabilities

	Interest Rate Exposure		Maturity Dates
	Nominal Amount ¹	Non - Interest Bearing	< 1 Yr
2016	\$000	\$000	\$000
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	202	202	202
- Creditors	10,932	10,932	10,932
	<u>11,134</u>	<u>11,134</u>	<u>11,134</u>
2015			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	733	733	733
- Creditors	4,493	4,493	4,493
	<u>5,226</u>	<u>5,226</u>	<u>5,226</u>

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.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

26. Financial Instruments

(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 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 for 2015. 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 net result 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.

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

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
2016					
Financial Assets					
Cash and Cash Equivalents	2,177	(22)	(22)	22	22
Receivables	787	---	---	---	---
Financial Liabilities					
Payables	11,134	---	---	---	---
2015					
Financial Assets					
Cash and Cash Equivalents	37,993	(380)	(380)	380	380
Receivables	1,146	---	---	---	---
Financial Liabilities					
Payables	5,226	---	---	---	---

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost.

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

27. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS