

Cancer Institute NSW

Financial Statements

for the year ended 30 June 2017



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 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 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 2017, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter – Presentation of Budget Information

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

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that 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 except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



Chris Clayton
Director, Financial Audit Services

21 September 2017
SYDNEY

Cancer Institute NSW
Certification of the Financial Statements
for the year ended 30 June 2017

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

- 1) The financial statements of the Cancer Institute NSW for the year ended 30 June 2017 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 (the Act); and
 - c) financial Reporting Directions issued by the Treasurer under the Act.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Cancer Institute NSW; and
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Prof. David Currow
Chief Cancer Officer and CEO
20 September 2017



The Hon. Morris Iemma
Chairperson
20 September 2017

Cancer Institute NSW
Statement of Comprehensive Income for the year ended 30 June 2017

PARENT			CONSOLIDATION				
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual	
2017 \$000	2017 \$000	2016 \$000		2017 \$000	2017 \$000	2016 \$000	
Expenses excluding losses							
Operating Expenses							
----	----	----					
25,979	27,775	22,419	2	26,325	28,136	23,729	
40,596	48,809	42,181	3	----	----	----	
2,572	2,567	2,107	4	40,596	48,809	42,181	
111,322	103,845	106,143	1(i), 5	2,572	2,567	2,107	
20	30	29	6	111,322	103,845	106,143	
			1(g), 7	20	30	29	
<u>180,489</u>	<u>183,026</u>	<u>172,879</u>		<u>180,835</u>	<u>183,387</u>	<u>174,189</u>	
Revenue							
178,989	178,989	127,882	1(h)	178,989	178,989	127,882	
----	975	426	1(h)	----	975	426	
----	----	----	1(e)(ii), 11	346	361	1,310	
165	----	169	1(h), 8	165	----	169	
1,464	790	990	1(h), 10	1,464	790	990	
682	350	474	12	682	350	474	
<u>181,300</u>	<u>181,104</u>	<u>129,941</u>		<u>181,646</u>	<u>181,465</u>	<u>131,251</u>	
----	----	(84)	13	----	----	(84)	
<u>811</u>	<u>(1,922)</u>	<u>(43,022)</u>	23	<u>811</u>	<u>(1,922)</u>	<u>(43,022)</u>	
Other Comprehensive Income							
----	----	----	Total Other Comprehensive Income				----
<u>811</u>	<u>(1,922)</u>	<u>(43,022)</u>	TOTAL COMPREHENSIVE INCOME				<u>811</u>
						<u>(43,022)</u>	

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Financial Position as at 30 June 2017

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2017 \$000	2017 \$000	2016 \$000		2017 \$000	2017 \$000	2016 \$000
ASSETS						
Current Assets						
1,700	1,800	2,177		1,700	1,800	2,177
3,802	2,650	2,648	14	3,802	2,650	2,648
<u>5,502</u>	<u>4,450</u>	<u>4,825</u>		<u>5,502</u>	<u>4,450</u>	<u>4,825</u>
Total Current Assets						
Non-Current Assets						
Property, Plant & Equipment						
704	434	698		704	434	698
650	650	1,155	16	650	650	1,155
<u>1,354</u>	<u>1,084</u>	<u>1,853</u>		<u>1,354</u>	<u>1,084</u>	<u>1,853</u>
7,115	7,722	6,407	16	7,115	7,722	6,407
<u>8,469</u>	<u>8,806</u>	<u>8,260</u>		<u>8,469</u>	<u>8,806</u>	<u>8,260</u>
<u>13,971</u>	<u>13,256</u>	<u>13,085</u>		<u>13,971</u>	<u>13,256</u>	<u>13,085</u>
Total Non-Current Assets						
Total Assets						
LIABILITIES						
Current Liabilities						
11,607	13,663	11,423		11,607	13,663	11,423
2,508	2,488	2,252	18	2,508	2,488	2,252
420	413	413	19	420	413	413
<u>14,535</u>	<u>16,564</u>	<u>14,088</u>	20	<u>14,535</u>	<u>16,564</u>	<u>14,088</u>
Total Current Liabilities						
Non-Current Liabilities						
637	647	616		637	647	616
158	138	551	19	158	138	551
<u>795</u>	<u>785</u>	<u>1,167</u>		<u>795</u>	<u>785</u>	<u>1,167</u>
<u>15,330</u>	<u>17,349</u>	<u>15,255</u>		<u>15,330</u>	<u>17,349</u>	<u>15,255</u>
<u>(1,359)</u>	<u>(4,093)</u>	<u>(2,170)</u>		<u>(1,359)</u>	<u>(4,093)</u>	<u>(2,170)</u>
Total Non-Current Liabilities						
Total Liabilities						
Net Liabilities						
EQUITY						
(1,359)	(4,093)	(2,170)		(1,359)	(4,093)	(2,170)
<u>(1,359)</u>	<u>(4,093)</u>	<u>(2,170)</u>		<u>(1,359)</u>	<u>(4,093)</u>	<u>(2,170)</u>
Total Equity						

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Changes in Equity for the year ended 30 June 2017

PARENT AND CONSOLIDATION	Accumulated Funds	Total
	\$000	\$000
Balance at 1 July 2016	(2,170)	(2,170)
Total Equity at 1 July 2016	<u>(2,170)</u>	<u>(2,170)</u>
Net Result for the year	811	811
Total Comprehensive Income for the year	<u>811</u>	<u>811</u>
Balance at 30 June 2017	<u><u>(1,359)</u></u>	<u><u>(1,359)</u></u>
Balance at 1 July 2015	40,852	40,852
Total Equity at 1 July 2015	<u>40,852</u>	<u>40,852</u>
Net Result for the year	(43,022)	(43,022)
Total Comprehensive Income for the year	<u>(43,022)</u>	<u>(43,022)</u>
Balance at 30 June 2016	<u><u>(2,170)</u></u>	<u><u>(2,170)</u></u>

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Cash Flows for the year ended 30 June 2017

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited 2017 \$000	Actual 2016 \$000	Notes	Actual 2017 \$000	Adjusted Budget Unaudited 2017 \$000	Actual 2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---	Employee Related	(25,860)	(27,754)	(22,750)
(112,691)	(105,215)	(112,321)	Grants and Subsidies	(112,691)	(105,215)	(112,321)
(69,971)	(76,909)	(59,814)	Other	(44,111)	(49,155)	(37,064)
<u>(182,662)</u>	<u>(182,124)</u>	<u>(172,135)</u>	Total Payments	<u>(182,662)</u>	<u>(182,124)</u>	<u>(172,135)</u>
Receipts						
178,989	178,989	127,882	NSW Ministry of Health Recurrent Allocations	178,989	178,989	127,882
---	975	426	NSW Ministry of Health Capital Allocations	---	975	426
267	267	331	Reimbursements from the Crown Entity	267	267	331
249	21	287	Sale of Goods and Services	249	21	287
1,625	951	990	Grants and Contributions	1,625	951	990
8,226	8,048	9,222	Other	8,226	8,048	9,222
<u>189,356</u>	<u>189,251</u>	<u>139,138</u>	Total Receipts	<u>189,356</u>	<u>189,251</u>	<u>139,138</u>
<u>6,694</u>	<u>7,127</u>	<u>(32,997)</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>6,694</u>	<u>7,127</u>	<u>(32,997)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
(7,171)	(7,504)	(2,819)	Purchases of Property, Plant & Equipment and Intangibles	(7,171)	(7,504)	(2,819)
<u>(7,171)</u>	<u>(7,504)</u>	<u>(2,819)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(7,171)</u>	<u>(7,504)</u>	<u>(2,819)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
(477)	(377)	(35,816)	Opening Cash and Cash Equivalents	(477)	(377)	(35,816)
2,177	2,177	37,993		2,177	2,177	37,993
<u>1,700</u>	<u>1,800</u>	<u>2,177</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>1,700</u>	<u>1,800</u>	<u>2,177</u>

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Cancer Officer and CEO on 20 September 2017.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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 (the Act), and the financial Reporting Directions issued by the Treasurer under the Act. The financial statements comply with the NSW Treasury mandates Circular for NSW General Government Sector Entities. Further Information on the adjusted budget figures can be found at Note 1(y).

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 Officer, 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 assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The Cancer Institute NSW has the capacity to review timing of subsidy 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 2017

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 12 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 NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 15.8% are applied to the value of leave payable at 30 June 2017 (comparable on-costs for 30 June 2016 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, which is a controlled entity of the ultimate parent.

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

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 employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions 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 (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

g) Finance Costs

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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).

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

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the 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 2017

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. 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:

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

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

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 and impairment losses.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

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) 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 2017

1. Summary of Significant Accounting Policies

u) 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, cancelled or expires.

v) 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.

w) 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.

x) Equity and Reserves

(i) Accumulated Funds

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

y) 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 2017

1. **Summary of Significant Accounting Policies**

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

(i) **Effective for the first time in 2016-17**

The accounting policies applied in 2016-17 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:

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 *Related Party Disclosures* to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

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

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to 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 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 *Statement of Cash Flows* to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 9 Financial Instruments and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9* are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 *Financial Instruments: Recognition and Measurement* and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

AASB 16 Leases applies to annual periods beginning on or after 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. The application of this standard will likely have a significant transitional impact as all leases, except short term (<12 months) and low value leases, brought on balance sheet.

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

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 *Contributions* and is not expected to materially impact the financial statements.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		2. Employee Related		
---	---	Salaries and Wages (including annual leave)	23,318	20,398
---	---	Superannuation - Defined Benefit Plans	16	21
---	---	Superannuation - Defined Contribution Plans	2,100	1,821
---	---	Long Service Leave	335	1,375
---	---	Redundancies	451	21
---	---	Workers' Compensation Insurance	65	69
---	---	Fringe Benefits Tax	40	24
<u>-----</u>	<u>-----</u>		<u>26,325</u>	<u>23,729</u>
		The amounts below are capitalised and do not form part of the above total employee related costs:		
---	---	Employee Related Expenses Capitalised - Intangibles	108	---
		3. Personnel Services		
23,318	20,398	Salaries and Wages	---	---
2,100	1,821	Superannuation - Defined Contribution Plans	---	---
5	86	Long Service Leave	---	---
451	21	Redundancies	---	---
65	69	Workers' Compensation Insurance	---	---
40	24	Fringe Benefits Tax	---	---
<u>25,979</u>	<u>22,419</u>		<u>-----</u>	<u>-----</u>
		Personnel services of Cancer Institute NSW was provided by its controlled entity, Cancer Institute NSW Special Purpose Service Entity.		
		The amounts below are capitalised and do not form part of the above total personnel services:		
108	---	Personnel Services Expenses Capitalised - Intangibles	---	---
		4. Other Operating Expenses		
11,935	9,393	Advertising	11,935	9,393
48	58	Auditor's Remuneration - Audit of Financial Statements	48	58
220	356	Consultancies	220	356
19,521	23,047	Contractors	19,521	23,047
56	65	Domestic Supplies and Services	56	65
37	46	Food Supplies	37	46
55	55	Fuel, Light and Power	55	55
1,645	1,801	Information Management Expenses	1,645	1,801
744	595	Maintenance (See 4(b) below)	744	595
990	879	Postal and Telephone Costs	990	879
763	772	Printing and Stationery	763	772
1,521	1,460	Rental	1,521	1,460
---	2	Special Service Departments	---	2
462	410	Staff Related Costs	462	410
280	473	Travel Related Costs	280	473
2,319	2,769	Other (See 4(a) below)	2,319	2,769
<u>40,596</u>	<u>42,181</u>		<u>40,596</u>	<u>42,181</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT		CONSOLIDATION	
2017 \$000	2016 \$000	2017 \$000	2016 \$000
4. Other Operating Expenses			
a) Other Includes:			
323	320		
6	38	323	320
29	67	6	38
42	25	29	67
1,919	2,319	42	25
<u>1,919</u>	<u>2,319</u>	<u>1,919</u>	<u>2,319</u>
<u>2,319</u>	<u>2,769</u>	<u>2,319</u>	<u>2,769</u>
b) Reconciliation of Total Maintenance			
16	----		
634	400	16	----
87	193	634	400
7	2	87	193
<u>744</u>	<u>595</u>	<u>7</u>	<u>2</u>
<u>744</u>	<u>595</u>	<u>744</u>	<u>595</u>
<u>744</u>	<u>595</u>	<u>744</u>	<u>595</u>

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

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

The majority of 'Other Miscellaneous' expenses were paid to the immediate parent and Health Administration Corporation, a entity controlled by the immediate parent.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		5. Depreciation and Amortisation		
276	414	Depreciation - Plant and Equipment	276	414
505	505	Amortisation - Leasehold Improvements	505	505
1,791	1,188	Amortisation - Intangible Assets	1,791	1,188
<u>2,572</u>	<u>2,107</u>		<u>2,572</u>	<u>2,107</u>
		6. Grants and Subsidies		
32,233	29,291	Grants to Research Organisations	32,233	29,291
-----	-----	Grants paid to entities controlled by the ultimate parent	-----	-----
78,803	76,567	Grants paid to entities controlled by the immediate parent	78,803	76,567
286	285	Other Grants	286	285
<u>111,322</u>	<u>106,143</u>		<u>111,322</u>	<u>106,143</u>
		7. Finance Costs		
20	29	Unwinding of Present Value Discount	20	29
<u>20</u>	<u>29</u>		<u>20</u>	<u>29</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		8. Sale of Goods and Services		
		a) Rendering of Services comprise the following:-		
165	169	Shared Corporate Services	165	169
165	169		165	169
165	169		165	169

The majority of 'Shared Corporate Services' revenue was earned from entities controlled by the immediate parent.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
10. Grants and Contributions				
883	755	Commonwealth Government Grants	883	755
182	50	Grants received from entities controlled by the immediate parent	182	50
399	185	Other Grants	399	185
<u>1,464</u>	<u>990</u>		<u>1,464</u>	<u>990</u>
<p>The Cancer Institute NSW is an entity controlled by the immediate parent.</p> <p>The majority of grants that were received from entities controlled by the ultimate parent were received from the immediate parent for project allocations.</p>				
11. Acceptance by the Crown Entity of Employee Benefits				
<p>The following liabilities and expenses have been assumed by the Crown Entity:</p>				
----	----	Superannuation-defined benefit	16	21
----	----	Long Service Leave	330	1,289
<u>-----</u>	<u>-----</u>		<u>346</u>	<u>1,310</u>
12. Other Revenue				
<p>Other Revenue comprises the following:-</p>				
2	----	Insurance Refunds	2	----
680	474	Other	680	474
<u>682</u>	<u>474</u>		<u>682</u>	<u>474</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		13. Other Gains / (Losses)		
-----	(84)	Impairment of Receivables	-----	(84)
-----	(84)		-----	(84)

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
14. Cash and Cash Equivalents				
1,700	2,177	Cash at Bank and On Hand	1,700	2,177
1,700	2,177		1,700	2,177
<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>				
1,700	2,177	Cash and Cash Equivalents (per Statement of Financial Position)	1,700	2,177
1,700	2,177	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	1,700	2,177

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		15. Receivables		
		Current		
198	99	Sale of Goods and Services	198	99
600	662	Intra Health Receivables	600	662
1,890	1,569	Goods and Services Tax	1,890	1,569
122	26	Other Debtors	122	26
<u>2,810</u>	<u>2,356</u>	Sub Total	<u>2,810</u>	<u>2,356</u>
992	292	Prepayments	992	292
<u>3,802</u>	<u>2,648</u>		<u>3,802</u>	<u>2,648</u>

Intra Health Receivables' include amounts receivable from entities controlled by the immediate parent. Some of the balance at reporting date was receivable from Health Administration Corporation and the immediate parent.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
16. Property, Plant and Equipment				
Plant and Equipment - Fair Value*				
2,363	2,090	Gross Carrying Amount	2,363	2,090
<u>1,659</u>	<u>1,392</u>	Less: Accumulated Depreciation and Impairment	<u>1,659</u>	<u>1,392</u>
<u>704</u>	<u>698</u>	Net Carrying Amount	<u>704</u>	<u>698</u>
Leasehold Improvements - Fair Value*				
3,879	3,878	Gross Carrying Amount	3,879	3,878
<u>3,229</u>	<u>2,723</u>	Less: Accumulated Depreciation and Impairment	<u>3,229</u>	<u>2,723</u>
<u>650</u>	<u>1,155</u>	Net Carrying Amount	<u>650</u>	<u>1,155</u>
<u>1,354</u>	<u>1,853</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,354</u>	<u>1,853</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 2017

PARENT & CONSOLIDATION

16. Property, Plant and Equipment - Reconciliation

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

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2017			
Net carrying amount at start of year	698	1,155	1,853
Additions	4,673	----	4,673
Transfers within NSW Health Entities through Statement of Comprehensive Income	(4,391)	----	(4,391)
Depreciation Expense	(276)	(505)	(781)
Net carrying amount at end of year	704	650	1,354

	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
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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		17. Intangible Assets		
		Intangibles		
11,540	9,460	Cost (Gross Carrying Amount)	11,540	9,460
4,425	3,053	Less Accumulated Amortisation and Impairment	4,425	3,053
<u>7,115</u>	<u>6,407</u>	Net Carrying Amount	<u>7,115</u>	<u>6,407</u>
<u>7,115</u>	<u>6,407</u>	Total Intangible Assets at Net Carrying Amount	<u>7,115</u>	<u>6,407</u>

PARENT & CONSOLIDATION

17. Intangible Assets - Reconciliation

	Intangibles \$000	Total \$000
2017		
Net carrying amount at start of year	6,407	6,407
Additions (From Internal Development or Acquired Separately)	2,499	2,499
Amortisation (Recognised in Depreciation and Amortisation)	(1,791)	(1,791)
Net carrying amount at end of year	7,115	7,115

	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
Amortisation (Recognised in Depreciation and Amortisation)	(1,188)	(1,188)
Net carrying amount at end of year	6,407	6,407

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		18. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	287	202
----	----	Taxation and Payroll Deductions	366	289
653	491	Accrued Liability - Purchase of Personnel Services	----	----
2,178	549	Creditors	2,178	549
6,229	8,698	- Payables to entities controlled by the immediate parent	6,229	8,698
2,547	1,685	- Other	2,547	1,685
<u>11,607</u>	<u>11,423</u>		<u>11,607</u>	<u>11,423</u>

Creditors include some amounts owing to entities controlled by the ultimate parent.

The majority of 'Payables to entities controlled by the immediate parent' relate to balances payable to Local Health Districts, entities controlled by the immediate parent.

The majority of 'Other Creditors' relate to balances payable to the immediate parent.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
19. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	1,853	1,766
----	----	Annual Leave - Long Term Benefit	355	253
----	----	Long Service Leave Consequential On-Costs	238	233
2,446	2,252	Provision for Personnel Services Liability	----	----
62	----	Other	62	----
<u>2,508</u>	<u>2,252</u>		<u>2,508</u>	<u>2,252</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	21	20
21	20	Provision for Personnel Services Liability	----	----
616	596	Other	616	596
<u>637</u>	<u>616</u>		<u>637</u>	<u>616</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	2,508	2,252
----	----	Provisions - Non-Current	21	20
----	----	Accrued Salaries, Wages and On-Costs (Note 18)	653	491
3,182	2,763	Liability - Purchase of Personnel Services	----	----
<u>3,182</u>	<u>2,763</u>		<u>3,182</u>	<u>2,763</u>
20. Other Liabilities				
Current				
7	----	Income in Advance	7	----
413	413	Other	413	413
<u>420</u>	<u>413</u>		<u>420</u>	<u>413</u>
Non-Current				
20	----	Income in Advance	20	----
138	551	Other	138	551
<u>158</u>	<u>551</u>		<u>158</u>	<u>551</u>

Other Non-Current Liabilities are for makegood of leased premises as required in the conditions of the lease. Expected outflow in November 2018, \$616K (2016: \$596K) dependent upon extension of current lease.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
21. Commitments for Expenditure				
a) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
1,879	1,881	Not later than one year	1,879	1,881
613	2,493	Later than one year and not later than five years	613	2,493
----	----	Later than five years	----	----
<u>2,492</u>	<u>4,374</u>	Total Operating Lease Commitments (Including GST)	<u>2,492</u>	<u>4,374</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 \$2.5 million (2016: \$4.4 million).

b) Contingent Asset Related to Commitments for Expenditure

The total 'Operating Lease Commitments' of \$2.5 million as at 30 June 2017 includes input tax credits of \$0.2 million that are expected to be recoverable from the Australian Taxation Office (2016 \$0.4 million).

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT AND CONSOLIDATED

22. Joint Arrangements

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

The Cancer Institute NSW has not entered into joint arrangements.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
23. Reconciliation of Cash Flows from Operating Activities to Net Result				
6,694	(32,997)	Net Cash Flows from Operating Activities	6,694	(32,997)
(2,572)	(2,107)	Depreciation and Amortisation	(2,572)	(2,107)
-----	(84)	Allowance for Impairment	-----	(84)
(27)	-----	(Increase) Income in Advance	(27)	-----
(277)	(381)	(Increase) in Provisions	(277)	(381)
1,154	(1,733)	Increase / (Decrease) in Prepayments and Other Assets	1,154	(1,733)
230	(5,720)	(Increase)/ Decrease in Payables from Operating Activities	230	(5,720)
(4,391)	-----	Assets Contributed to Other Health Entities	(4,391)	-----
<u>811</u>	<u>(43,022)</u>	Net Result	<u>811</u>	<u>(43,022)</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 Treasury's 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 2017

PARENT AND CONSOLIDATION

24. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$2.7 million, primarily due to:

Deferred Screening and Prevention Campaigns (\$2.5 million) and higher grant revenue received from the Commonwealth and private organisations (\$0.2 million).

Assets and Liabilities

Actual asset and liabilities as at 30 June 2017 were in line with budget.

Cash Flows

Actual cash balance of \$1.7 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 2016	175,144
Allocation for redundancy payments	448
Locally funded capital projects	9,345
Cash adjustments	<u>(5,948)</u>
Balance as per Statement of Comprehensive Income	<u><u>178,989</u></u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

25. Financial Instruments

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

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

The Chief Cancer Officer and 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 risks faced by the Cancer Institute NSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount 2017 \$000	Carrying Amount 2016 \$000
Cash and Cash Equivalents (note 14)	N/A	1,700	2,177
Receivables (note 15)*	Loans and receivables (at amortised cost)	920	787
		<u>2,620</u>	<u>2,964</u>
Financial Liabilities			
Payables (note 18)**	Financial liabilities measured at amortised cost	11,241	11,134
		<u>11,241</u>	<u>11,134</u>

Notes

* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures)

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

(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 in 2016/17 and in the previous year.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

25. 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 (2017: \$6K ; 2016: \$207K) and not more than 3 months past due (2017: \$6K ; 2016: \$207K) 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
2017			
<3 months overdue	6	6	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----
2016			
<3 months overdue	207	207	----
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 AASB7 Financial Instruments Disclosures 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.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

25. Financial Instruments

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure		Maturity Dates
	Nominal Amount ^{1,2}	Non - Interest Bearing	< 1 Yr
	\$000	\$000	\$000
2017			
Payables:			
- Creditors	11,241	11,241	11,241
	11,241	11,241	11,241
2016			
Payables:			
- Creditors	11,134	11,134	11,134
	11,134	11,134	11,134

Notes:

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

2 Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

25. 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 2016. 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	-1% Net Result	Equity	+1% Net Result	Equity
	\$000	\$000	\$000	\$000	\$000
2017					
Financial Assets					
Cash and Cash Equivalents	1,700	(17)	(17)	17	17
Receivables	920	----	----	----	----
Financial Liabilities					
Payables*	11,241	----	----	----	----
2016					
Financial Assets					
Cash and Cash Equivalents	2,177	(22)	(22)	22	22
Receivables	787	----	----	----	----
Financial Liabilities					
Payables*	11,134	----	----	----	----

*Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments Disclosures. Prior year comparatives have been restated as a result.

(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.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

26. Related Party Transactions

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2017
	\$000
Short-term employee benefits	119
Post-employment benefits	8
Other long-term benefits	18
Termination benefits	0
	<u>145</u>

During the financial year, Cancer Institute NSW obtained key management personnel services from the immediate parent and incurred \$412K for these services.

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

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

Transactions with key management personnel and their close family members

There were no other transactions with key management personnel and their close family members.

There were no transactions with the ultimate parent during the financial year.

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