

Cancer Institute NSW

Financial Statements

for the year ended 30 June 2018



INDEPENDENT AUDITOR'S REPORT

Cancer Institute NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Cancer Institute NSW (the Institute), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Institute and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Institute and the consolidated entity as at 30 June 2018, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Presentation of Budget Information

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

Other Information

Other information comprises the information included in the Institute's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Institute is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Certification of the Financial Statements.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. 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.

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

Dominika Ryan
Director, Financial Audit Service

26 September 2018
SYDNEY

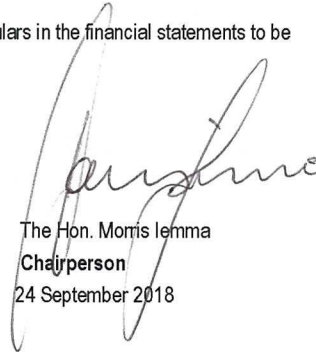
Cancer Institute NSW
Certification of the Financial Statements
for the year ended 30 June 2018

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 2018 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 (PFAA)*, the *Public Finance and Audit Regulation 2015 (Regulation)*; and
 - c) Financial Reporting Directions mandated by the Treasurer.
- 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
24 September 2018



The Hon. Morris Iemma
Chairperson
24 September 2018

Cancer Institute NSW
Statement of Comprehensive Income for the year ended 30 June 2018

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2018	2018	2017		2018	2018	2017
\$000	\$000	\$000		\$000	\$000	\$000
			Expenses excluding losses			
			Operating Expenses			
----	----	----				
28,827	30,716	25,979	2	29,778	31,685	26,325
39,193	46,215	40,596	3	----	----	----
2,693	2,713	2,572	4	39,193	46,215	40,596
110,384	107,495	111,322	1(m), 5	2,693	2,713	2,572
3	30	20	6	110,384	107,495	111,322
<u>181,100</u>	<u>187,169</u>	<u>180,489</u>	1(h), 7	<u>3</u>	<u>30</u>	<u>20</u>
			Total Expenses excluding losses			
			Revenue			
177,890	177,890	178,989	1(i)	177,890	177,890	178,989
357	975	----	1(i)	357	975	----
----	----	----	1(e)(ii), 10	951	969	346
135	49	165	1(i), 8	135	49	165
1,542	790	1,464	1(i), 9	1,542	790	1,464
529	350	682	11	529	350	682
<u>180,453</u>	<u>180,054</u>	<u>181,300</u>	Total Revenue			
			Net Result			
<u>(647)</u>	<u>(7,115)</u>	<u>811</u>	21	<u>(647)</u>	<u>(7,115)</u>	<u>811</u>
			Other Comprehensive Income			
----	----	----	Total Other Comprehensive Income			
<u>(647)</u>	<u>(7,115)</u>	<u>811</u>	TOTAL COMPREHENSIVE INCOME			
			Total Comprehensive Income			
<u>(647)</u>	<u>(7,115)</u>	<u>811</u>	TOTAL COMPREHENSIVE INCOME			

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Financial Position as at 30 June 2018

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual		
2018	2018	2017			2018	2018	2017		
\$000	\$000	\$000			\$000	\$000	\$000		
ASSETS									
Current Assets									
1,807	1,800	1,700			1,807	1,800	1,700		
3,347	3,800	3,802		12	3,347	3,800	3,802		
<u>5,154</u>	<u>5,600</u>	<u>5,502</u>		13	<u>5,154</u>	<u>5,600</u>	<u>5,502</u>		
Non-Current Assets									
757	1,490	704			757	1,490	704		
154	155	650		14	154	155	650		
911	1,645	1,354		14	911	1,645	1,354		
7,927	8,670	7,115		15	7,927	8,670	7,115		
<u>8,838</u>	<u>10,315</u>	<u>8,469</u>			<u>8,838</u>	<u>10,315</u>	<u>8,469</u>		
<u>13,992</u>	<u>15,915</u>	<u>13,971</u>			<u>13,992</u>	<u>15,915</u>	<u>13,971</u>		
LIABILITIES									
Current Liabilities									
12,070	20,909	11,607			12,070	20,909	11,607		
3,122	2,642	2,508		16	3,122	2,642	2,508		
145	145	420		17	145	145	420		
<u>15,337</u>	<u>23,696</u>	<u>14,535</u>		18	<u>15,337</u>	<u>23,696</u>	<u>14,535</u>		
Non-Current Liabilities									
647	674	637			647	674	637		
14	20	158		17	14	20	158		
<u>661</u>	<u>694</u>	<u>795</u>		18	<u>661</u>	<u>694</u>	<u>795</u>		
<u>15,998</u>	<u>24,390</u>	<u>15,330</u>			<u>15,998</u>	<u>24,390</u>	<u>15,330</u>		
<u>(2,006)</u>	<u>(8,475)</u>	<u>(1,359)</u>			<u>(2,006)</u>	<u>(8,475)</u>	<u>(1,359)</u>		
EQUITY									
(2,006)	(8,475)	(1,359)			(2,006)	(8,475)	(1,359)		
<u>(2,006)</u>	<u>(8,475)</u>	<u>(1,359)</u>			<u>(2,006)</u>	<u>(8,475)</u>	<u>(1,359)</u>		

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Changes in Equity for the year ended 30 June 2018

PARENT AND CONSOLIDATION	Accumulated Funds \$000	Total \$000
Balance at 1 July 2017	(1,359)	(1,359)
Total Equity at 1 July 2017	(1,359)	(1,359)
Net Result for the year	(647)	(647)
Total Comprehensive Income for the year	(647)	(647)
Balance at 30 June 2018	(2,006)	(2,006)
Balance at 1 July 2016	(2,170)	(2,170)
Total Equity at 1 July 2016	(2,170)	(2,170)
Net Result for the year	811	811
Total Comprehensive Income for the year	811	811
Balance at 30 June 2017	(1,359)	(1,359)

The accompanying notes form part of these financial statements.

Cancer Institute NSW
Statement of Cash Flows for the year ended 30 June 2018

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2018	2018	2017		2018	2018	2017
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----	Employee Related	(28,351)	(30,437)	(25,860)
(40,888)	(39,777)	(44,111)	Suppliers for Goods and Services	(40,888)	(39,777)	(44,111)
(113,765)	(110,774)	(112,691)	Grants and Subsidies	(113,765)	(110,774)	(112,691)
(28,351)	(30,437)	(25,860)	Other	----	----	----
<u>(183,004)</u>	<u>(180,988)</u>	<u>(182,662)</u>	Total Payments	<u>(183,004)</u>	<u>(180,988)</u>	<u>(182,662)</u>
Receipts						
177,890	177,890	178,989	NSW Ministry of Health Recurrent Allocations	177,890	177,890	178,989
357	975	----	NSW Ministry of Health Capital Allocations	357	975	----
202	202	267	Reimbursements from the Crown Entity	202	202	267
70	68	249	Sale of Goods and Services	70	68	249
1,696	979	1,625	Grants and Other Contributions	1,696	979	1,625
8,518	8,230	8,226	Other	8,518	8,230	8,226
<u>188,733</u>	<u>188,344</u>	<u>189,356</u>	Total Receipts	<u>188,733</u>	<u>188,344</u>	<u>189,356</u>
<u>5,729</u>	<u>7,356</u>	<u>6,694</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>5,729</u>	<u>7,356</u>	<u>6,694</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
(5,622)	(7,256)	(7,171)	Purchases of Property, Plant & Equipment and Intangibles	(5,622)	(7,256)	(7,171)
<u>(5,622)</u>	<u>(7,256)</u>	<u>(7,171)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(5,622)</u>	<u>(7,256)</u>	<u>(7,171)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
----	----	----	NET CASH FLOWS FROM FINANCING ACTIVITIES	----	----	----
107	100	(477)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	107	100	(477)
1,700	1,700	2,177	Opening Cash and Cash Equivalents	1,700	1,700	2,177
<u>1,807</u>	<u>1,800</u>	<u>1,700</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>1,807</u>	<u>1,800</u>	<u>1,700</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 2018

1. Statement of Significant Accounting Policies

a) The Reporting Entity

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

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

The Cancer Institute NSW 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.

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

These consolidated financial statements for the year ended 30 June 2018 have been authorised for issue by the Chief Cancer Officer and CEO on 24 September 2018.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

b) Basis of Preparation

The Cancer Institute NSW's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (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 the Public Finance and Audit Regulation 2015, and Financial Reporting Directions mandated by the Treasurer. 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(z).

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

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

Other 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.

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

d) Statement of Compliance

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

e) Employee Benefits and Other Provisions

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

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

Annual leave and ADO are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, 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 16.0% are applied to the value of leave payable at 30 June 2018 (comparable on-costs for 30 June 2017 were 15.8%). The Cancer Institute NSW has assessed the actuarial advice based on the Cancer Institute NSW's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial to annual leave. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

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

ii) Long Service Leave and Superannuation

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

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

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

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

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

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions 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.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

f) Insurance

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

g) Grants and Subsidies

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

h) Finance Costs

Finance costs 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.

i) Income Recognition

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

Rendering of Services

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

Grants and Other Contributions

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

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 NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

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

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

* amount of GST incurred by the Cancer Institute NSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and

* receivables and payables are stated with the amount of GST included.

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

k) Acquisition of Property, Plant and Equipment

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

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

Fair value is the 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.

l) Capitalisation Thresholds

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

m) Depreciation of Property, Plant and Equipment

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

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

Electro Medical Equipment	
- Costing less than \$200,000	25.0%
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.

n) Revaluation of Non-Current Assets

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

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

o) Impairment of Property, Plant and Equipment

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

p) Restoration Costs

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

q) Intangible Assets

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

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

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

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

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

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.

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

r) Maintenance

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

s) Leased Assets

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

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

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

t) 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.

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 2018

1. Statement 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, AASB13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant & Equipment and Leasehold Improvements are not required to be reported under the fair value hierarchy.

Refer to Note 24 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity and Reserves

(i) Accumulated Funds

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

z) Adjusted Budget Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Cancer Institute NSW's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, the Cancer Institute NSW's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Performance 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 2018

1. Statement of Significant Accounting Policies

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 23.

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

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 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 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 Statement of Cash Flows applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows. A reconciliation of liabilities arising from financing activities has been added to Note of these financial statements.

(ii) Issued but not yet effective

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

AASB 9 Financial Instruments applies to annual periods beginning on or after 1 January 2018. AASB 9 Financial Instruments 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 Financial Instruments also introduces a forward-looking 'expected credit losses' impairment model, which may impact the timing and amount of impairment recognition.

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

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117 Leases. Lessors will continue to classify all leases using the same classification as in AASB 117 Leases and distinguish between two types of leases: operating and finance leases.

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

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

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of Significant Accounting Policies

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

Overview of Assessment Activities

NSW Health designed a project roadmap to implement the above five new accounting standards by its application date. The project consists of 4 phases: Scoping, Data gathering, In Depth Analysis and Implementation. Scoping phase was completed and data gathering has begun. An external project consultant and project manager will be appointed, and various steering committees and project teams will be internally formed as part of the implementation project. Central high level estimates on the impact of the new accounting standards were also calculated and reported to NSW Treasury by the central team at the NSW Ministry of Health. Further details are available in the NSW Ministry of Health’s consolidated financial statements.

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

Potential Impact on The Cancer Institute NSW’s Financial Report

While the consolidated entity is yet to undertake a detailed assessment of the classification and measurement of all of the accounting standards, the following general impacts are expected from the work conducted so far:

Leases

- * The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.
- * Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.
- * Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

- * The deferral of some revenues of The Cancer Institute NSW.
- * Impact on the estimates and judgements involved in the unbilled revenue process.
- * Specific quantitative and qualitative disclosures may be required under AASB 15 Revenue from Contracts with Customers.

Financial Instruments

- * The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred impairment losses. This may result in earlier recognition of credit loss provisions.

Service Concession Arrangements

- * No significant impact expected on The Cancer Institute NSW.

Application Date

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
2. Employee Related Expenses				
----	----	Salaries and Wages (including annual leave and ADO)	25,940	23,318
----	----	Superannuation - Defined Benefit Plans	13	16
----	----	Superannuation - Defined Contribution Plans	2,309	2,100
----	----	Long Service Leave	1,023	335
----	----	Redundancies	376	451
----	----	Workers' Compensation Insurance	72	65
----	----	Fringe Benefits Tax	45	40
-----	-----		29,778	26,325
The amounts below are capitalised and do not form part of the above total employee related costs:				
----	----	Employee Related Expenses Capitalised - Intangibles	493	108
-----	-----		493	108
3. Personnel Services				
25,940	23,318	Salaries and Wages	----	----
2,309	2,100	Superannuation - Defined Contribution Plans	----	----
85	5	Long Service Leave	----	----
376	451	Redundancies	----	----
72	65	Workers' Compensation Insurance	----	----
45	40	Fringe Benefits Tax	----	----
28,827	25,979		-----	-----
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:				
493	108	Personnel Services Expenses Capitalised - Intangibles	----	----

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
4. Other Expenses				
12,808	11,935	Advertising	12,808	11,935
67	48	Auditor's Remuneration - Audit of Financial Statements	67	48
420	220	Consultancies	420	220
15,394	19,521	Contractors	15,394	19,521
56	56	Domestic Supplies and Services	56	56
46	37	Food Supplies	46	37
59	55	Fuel, Light and Power	59	55
2,729	1,645	Information Management Expenses	2,729	1,645
794	744	Maintenance (See 4(b) below)	794	744
2	----	Motor Vehicle Expenses	2	----
731	990	Postal and Telephone Costs	731	990
545	763	Printing and Stationery	545	763
1,592	1,521	Rental	1,592	1,521
12	----	Specialised Services (Radiology)	12	----
437	462	Staff Related Costs	437	462
419	280	Travel Related Costs	419	280
3,082	2,319	Other (See 4(a) below)	3,082	2,319
39,193	40,596		39,193	40,596

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		4. Other Expenses		
		a) Other Includes:		
200	323	Corporate Support Services	200	323
7	6	Courier and Freight	7	6
67	29	Legal Services	67	29
57	42	Membership/Professional Fees	57	42
2,751	1,919	Other Miscellaneous	2,751	1,919
<u>3,082</u>	<u>2,319</u>		<u>3,082</u>	<u>2,319</u>
		b) Reconciliation of Total Maintenance		
74	16	Maintenance Contracts	74	16
687	634	New/Replacement Equipment under \$10,000	687	634
33	87	Repairs Maintenance/Non Contract	33	87
-----	7	Other	-----	7
794	744	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	794	744
<u>794</u>	<u>744</u>		<u>794</u>	<u>744</u>

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

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

The majority of 'Other Miscellaneous Expenses' and 'Corporate Support Services' were paid to Health Administration Corporation, an entity controlled by the immediate parent.

The majority of 'Specialised Services' expenses were paid to the Health Administration Corporation, an entity controlled by the immediate parent.

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

Some '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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
5. Depreciation and Amortisation				
211	276	Depreciation - Plant and Equipment	211	276
496	505	Amortisation - Leasehold Improvements	496	505
1,986	1,791	Amortisation - Intangible Assets	1,986	1,791
<u>2,693</u>	<u>2,572</u>		<u>2,693</u>	<u>2,572</u>
6. Grants and Subsidies				
30,266	32,233	Grants to Research Organisations	30,266	32,233
79,505	78,803	Grants paid to entities controlled by the immediate parent	79,505	78,803
613	286	Other Grants	613	286
<u>110,384</u>	<u>111,322</u>		<u>110,384</u>	<u>111,322</u>
7. Finance Costs				
3	20	Unwinding of Present Value Discount	3	20
<u>3</u>	<u>20</u>		<u>3</u>	<u>20</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
8. Sale of Goods and Services				
135	165	Shared Corporate Services	135	165
<hr style="width: 100%;"/>	<hr style="width: 100%;"/>		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
135	165		135	165
<hr style="width: 100%;"/>	<hr style="width: 100%;"/>		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
9. Grants and Other Contributions				
762	883	Commonwealth Government Grants	762	883
186	182	Grants & Contributions received from entities controlled by the immediate parent	186	182
594	399	Other Grants	594	399
<u>1,542</u>	<u>1,464</u>		<u>1,542</u>	<u>1,464</u>
<p>The Cancer Institute is an entity controlled by the immediate parent.</p> <p>The majority of grants received from entities controlled by the immediate parent were received from the immediate parent for project allocations.</p>				
10. 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	13	16
----	----	Long Service Leave	938	330
<u>----</u>	<u>----</u>		<u>951</u>	<u>346</u>
11. Other Income				
<p>Other Income comprises the following:-</p>				
----	2	Insurance Refunds	----	2
529	680	Cost Recovery Revenue	529	680
<u>529</u>	<u>682</u>		<u>529</u>	<u>682</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
12. Cash and Cash Equivalents				
1,807	1,700	Cash at Bank and On Hand	1,807	1,700
<u>1,807</u>	<u>1,700</u>		<u>1,807</u>	<u>1,700</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:

1,807	1,700	Cash and Cash Equivalents (per Statement of Financial Position)	1,807	1,700
<u>1,807</u>	<u>1,700</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>1,807</u>	<u>1,700</u>

Refer to Note 24 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 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		13. Receivables		
		Current		
168	198	Sale of Goods and Services	168	198
675	600	Intra Health Receivables	675	600
1,594	1,890	Goods and Services Tax	1,594	1,890
34	122	Other Debtors	34	122
<u>2,471</u>	<u>2,810</u>	Sub Total	<u>2,471</u>	<u>2,810</u>
876	992	Prepayments	876	992
<u>3,347</u>	<u>3,802</u>		<u>3,347</u>	<u>3,802</u>

Intra Health Receivables include amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from 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 24.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018 \$000	2017 \$000		2018 \$000	2017 \$000
		14. Property, Plant and Equipment		
		Plant and Equipment - Fair Value*		
2,627	2,363	Gross Carrying Amount	2,627	2,363
1,870	1,659	Less: Accumulated Depreciation and Impairment	1,870	1,659
<u>757</u>	<u>704</u>	Net Carrying Amount	<u>757</u>	<u>704</u>
		Leasehold Improvements - Fair Value*		
3,832	3,879	Gross Carrying Amount	3,832	3,879
3,678	3,229	Less: Accumulated Depreciation and Impairment	3,678	3,229
<u>154</u>	<u>650</u>	Net Carrying Amount	<u>154</u>	<u>650</u>
<u>911</u>	<u>1,354</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>911</u>	<u>1,354</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 2018

PARENT & CONSOLIDATION

14. Property, Plant and Equipment - Reconciliation

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

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2018			
Net carrying amount at start of year	704	650	1,354
Additions	2,823	----	2,823
Transfers within NSW Health Entities through Statement of Comprehensive Income	(2,559)	----	(2,559)
Depreciation Expense	(211)	(496)	(707)
Net carrying amount at end of year	757	154	911

	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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
15. Intangible Assets				
Intangibles				
14,320	11,540	Cost (Gross Carrying Amount)	14,320	11,540
6,393	4,425	Less Accumulated Amortisation and Impairment	6,393	4,425
<u>7,927</u>	<u>7,115</u>	Net Carrying Amount	<u>7,927</u>	<u>7,115</u>

PARENT & CONSOLIDATION

15. Intangible Assets - Reconciliation

	Total \$000
2018	
Net carrying amount at start of year	7,115
Additions (From Internal Development or Acquired Separately)	2,798
Amortisation (Recognised in Depreciation and Amortisation)	(1,986)
Net carrying amount at end of year	7,927

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
		16. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	381	287
----	----	Taxation and Payroll Deductions	357	366
738	653	Accrued Liability - Purchase of Personnel Services	----	----
1,569	2,178	Creditors	1,569	2,178
		Other Creditors		
7,179	6,229	- Payables to entities controlled by the immediate parent	7,179	6,229
2,584	2,547	- Other	2,584	2,547
<u>12,070</u>	<u>11,607</u>		<u>12,070</u>	<u>11,607</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.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 24.

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
17. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	2,142	1,853
----	----	Annual Leave - Long Term Benefit	500	355
----	----	Long Service Leave Consequential On-Costs	316	238
----	----	Provision for Other Employee Benefits*	164	62
3,122	2,508	Provision for Personnel Services Liability	----	----
<u>3,122</u>	<u>2,508</u>		<u>3,122</u>	<u>2,508</u>
*Allocated Day Off liabilities have been reclassified from 'Other' to 'Provision for Other Employee Benefits'. Prior year comparatives have been restated as a result.				
Non-Current				
----	----	Long Service Leave Consequential On-Costs	27	21
27	21	Provision for Personnel Services Liability	----	----
620	616	Other	620	616
<u>647</u>	<u>637</u>		<u>647</u>	<u>637</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	3,122	2,508
----	----	Provisions - Non-Current	27	21
----	----	Accrued Salaries, Wages and On-Costs (Note 16)	738	653
3,887	3,182	Liability - Purchase of Personnel Services	----	----
<u>3,887</u>	<u>3,182</u>		<u>3,887</u>	<u>3,182</u>
18. Other Liabilities				
Current				
7	7	Income in Advance	7	7
138	413	Other	138	413
<u>145</u>	<u>420</u>		<u>145</u>	<u>420</u>
Non-Current				
14	20	Income in Advance	14	20
----	138	Other	----	138
<u>14</u>	<u>158</u>		<u>14</u>	<u>158</u>

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
19. Commitments for Expenditure				
a) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
2,117	1,879	Within one year	2,117	1,879
7,671	613	Later than one year and not later than five years	7,671	613
-----	-----	Later than five years	-----	-----
<u>9,788</u>	<u>2,492</u>	Total Operating Lease Commitments (Including GST)	<u>9,788</u>	<u>2,492</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 2022 is \$9.8 million (2017: \$2.5 million). Expected outflow in November 2022, \$619K (2017: \$616K) dependent upon extension of current lease.

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

b) Contingent Asset Related to Commitments for Expenditure

The total 'Operating Lease Commitments' of \$9.8 million as at 30 June 2018 includes input tax credits of \$0.9 million that are expected to be recoverable from the Australian Taxation Office (2017 \$0.2 million).

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT AND CONSOLIDATED

20. Joint Arrangements

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses 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 2018

PARENT			CONSOLIDATION	
2018	2017		2018	2017
\$000	\$000		\$000	\$000
21. Reconciliation of Cash Flows from Operating Activities to Net Result				
5,729	6,694	Net Cash Flows from Operating Activities	5,729	6,694
(2,693)	(2,572)	Depreciation and Amortisation	(2,693)	(2,572)
6	(27)	(Increase)/ Decrease Income in Advance	6	(27)
(624)	(277)	(Increase)/ Decrease in Provisions	(624)	(277)
(462)	1,154	Increase / (Decrease) in Prepayments and Other Assets	(462)	1,154
(44)	230	(Increase)/ Decrease in Payables from Operating Activities	(44)	230
(2,559)	(4,391)	Assets Contributed to Other Health Entities	(2,559)	(4,391)
<u>(647)</u>	<u>811</u>	Net Result	<u>(647)</u>	<u>811</u>

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.

22. Non-Cash Financing and Investing Activities				
34	----	Assets Received by Donation	34	----
<u>34</u>	<u>----</u>		<u>34</u>	<u>----</u>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

PARENT AND CONSOLIDATION

23. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than the adjusted budget by \$6.5 million, primarily due to:

Reduced program activity, lower than anticipated grants to research organisations and deferred programs of works across the Cancer Institute NSW (\$6.1 million). Higher grant revenue was also received from the Commonwealth and private organisations (\$0.4 million).

Assets and Liabilities

Actual assets as at 30 June 2018 were lower than budget by \$1.9 million which was due to lower investment in PPE and capital projects during the year. Payables actual balance was \$8.8 million under budget due to the recurrent year-end subsidy adjustment.

Cash Flows

Actual cash balance of \$1.8 million is on budget and meets the cash holding requirement as per Ministry of Health guidelines.

Actual cashflow from investing activities was \$1.6 million under budget due to timing differences in the delivery of several capital projects.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation in July 2017 are as follows:

	\$000
Initial Allocation, July 2017	184,311
National Bowel Cancer Screening	1,984
Youth Cancer Services	166
Voluntary Redundancy Reimbursement	373
Recurrent subsidy adjustment	(8,944)
	<hr/>
Balance as per Statement of Comprehensive Income	177,890
	<hr/> <hr/>

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

24. 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

Financial Assets Class:	Category	Carrying Amount	
		2018 \$000	2017 \$000
Cash and Cash Equivalents (note 12)	N/A	1,807	1,700
Receivables (note 13)*	Loans and receivables (at amortised cost)	877	920
		2,684	2,620
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	12,070	11,607
		12,070	11,607

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).

CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	
		2018 \$000	2017 \$000
Cash and Cash Equivalents (note 12)	N/A	1,807	1,700
Receivables (note 13)*	Loans and receivables (at amortised cost)	877	920
		2,684	2,620
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	11,713	11,241
		11,713	11,241

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).

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

24. Financial Instruments

(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.

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 2017/18 and in the previous year.

Receivables - trade debtors

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

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

24. Financial Instruments

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

	2018	2017
	\$000	\$000
Neither past due not impaired	877	914
Past due but not impaired ^{1,4}		
< 3 months overdue	----	6
3 - 6 months overdue	----	----
> 6 months overdue	----	----
Impaired ^{1,2}		
< 3 months overdue	----	----
3 - 6 months overdue	----	----
> 6 months overdue	----	----
Total^{3,5}	877	920

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 Financial Instruments Disclosures. 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 NSW 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 2018

24. 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
	\$000	\$000	\$000
2018			
Payables:			
- Creditors ²	11,713	11,713	11,713
	11,713	11,713	11,713
2017			
Payables:			
- Creditors ²	11,241	11,241	11,241
	11,241	11,241	11,241

Notes:

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

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

Cancer Institute NSW
Notes to and forming part of the Financial Statements
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24. 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 has no exposures to market risk and 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 2017. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Cancer Institute NSW's interest bearing liabilities.

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
2018					
Financial Assets					
Cash and Cash Equivalents	1,807	(18)	(18)	18	18
Receivables	877	----	----	----	----
Financial Liabilities					
Payables*	11,713	----	----	----	----
2017					
Financial Assets					
Cash and Cash Equivalents	1,700	(17)	(17)	17	17
Receivables	920	----	----	----	----
Financial Liabilities					
Payables*	11,241	----	----	----	----

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

(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
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25. Related Party Transactions

PARENT AND CONSOLIDATION

Key management personnel compensation is as follows:

	2018	2017
	\$000	\$000
Short-term employee benefits	99	119
Post-employment benefits	9	8
Other long-term benefits	23	18
Termination benefits	----	----
	131	145

During the financial year, Cancer Institute NSW obtained key management personnel services from the immediate parent and incurred \$397K for these services (2017:\$412K).

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 (2017: Nil).

Transactions with ultimate parent

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

26. 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