



INDEPENDENT AUDITOR'S REPORT

Cancer Institute NSW

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Cancer Institute NSW (the Institute), which comprise the statement of financial position as at 30 June 2013, 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 the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Institute and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

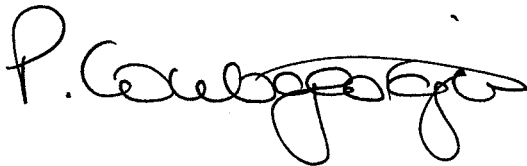
My opinion does *not* provide assurance:

- about the future viability of the Institute or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- 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, that may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Coulogeorgiou
Director, Financial Audit Services

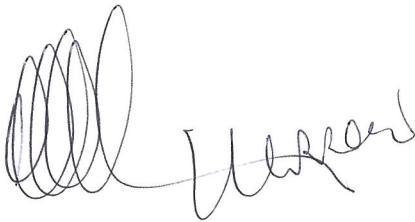
23 September 2013
SYDNEY

CANCER INSTITUTE NSW

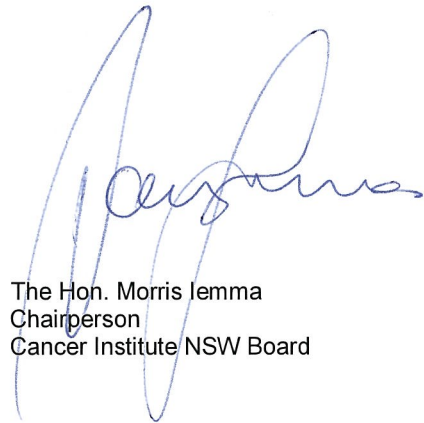
**STATEMENT BY THE BOARD, CHIEF CANCER OFFICER & CHIEF EXECUTIVE OFFICER,
CANCER INSTITUTE NSW**

Pursuant to section 41C(1B) of the Public Finance and Audit Act 1983, we state:

- (a) the accompanying Financial Statements exhibit a true and fair view of the financial position as at 30 June 2013 and financial performance of the Cancer Institute NSW for the year then ended;
- (b) the accompanying financial statements have been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer;
- (c) the financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations).
- (d) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Professor David Currow
Chief Cancer Officer and CEO
Cancer Institute NSW



The Hon. Morris Iemma
Chairperson
Cancer Institute NSW Board

23rd September 2013

CANCER INSTITUTE NSW
Statement of comprehensive income
for the year ended 30 June 2013

Start of audited financial statements

	Notes	Consolidated		Actual 2012 \$'000	Cancer Institute NSW		Actual 2012 \$'000
		Actual 2013 \$'000	Budget 2013 \$'000		Actual 2013 \$'000	Budget 2013 \$'000	
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	19,394	24,789	20,649	-	-	-
Personnel services	2(b)	-	-	-	19,172	24,789	21,603
Other operating expenses	2(c)	40,793	33,968	32,843	40,793	33,968	32,843
Depreciation and amortisation	2(d)	1,548	1,816	1,124	1,548	1,816	1,124
Grants and subsidies	2(e)	95,500	100,351	99,741	95,500	100,351	99,741
Finance costs	2(f)	48	32	28	48	32	28
TOTAL EXPENSES EXCLUDING LOSSES		157,283	160,956	154,385	157,061	160,956	155,339
Revenue							
Investment revenue	3(a)	1,822	2,800	2,588	1,822	2,800	2,588
Grants and contributions	3(b)	159,647	158,489	149,499	159,647	158,489	149,499
Other revenue	3(c)	726	850	699	726	850	699
Total Revenue		162,195	162,139	152,786	162,195	162,139	152,786
Gain / (loss) on disposal	4	-	-	(5)	-	-	(5)
Net result		4,912	1,183	(1,604)	5,134	1,183	(2,558)
Other comprehensive income							
<i>Items that will not be reclassified to net result</i>							
Actuarial gain / (loss) on superannuation		222	-	(954)	-	-	-
Total other comprehensive income		222	-	(954)	-	-	-
TOTAL COMPREHENSIVE INCOME		5,134	1,183	(2,558)	5,134	1,183	(2,558)

The accompanying notes form part of these financial statements.

CANCER INSTITUTE NSW
Statement of financial position
as at 30 June 2013

Notes	Consolidated			Cancer Institute NSW				
	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000		
ASSETS								
Current Assets								
	Cash and cash equivalents	6	49,835	40,062	35,302	49,712	40,062	35,189
	Receivables	7	10,019	2,801	5,562	10,011	2,801	5,562
	Total Current Assets		59,854	42,863	40,864	59,723	42,863	40,751
Non-Current Assets								
	Plant and Equipment	8	3,764	4,292	4,298	3,764	4,292	4,298
	Intangible assets	9	2,518	2,338	2,769	2,518	2,338	2,769
	Total Non-Current Assets		6,282	6,630	7,067	6,282	6,630	7,067
	Total Assets		66,136	49,493	47,931	66,005	49,493	47,818
LIABILITIES								
Current Liabilities								
	Payables	10	16,353	4,820	2,579	22,108	4,820	8,691
	Provisions	11	5,326	3,827	5,280	138	3,827	-
	Other	12	413	-	413	413	-	413
	Total Current Liabilities		22,092	8,647	8,272	22,659	8,647	9,104
Non-Current Liabilities								
	Provisions	11	1,182	530	1,518	484	530	573
	Other	12	1,791	2,255	2,204	1,791	2,255	2,204
	Total Non-Current Liabilities		2,973	2,785	3,722	2,275	2,785	2,777
	Total Liabilities		25,065	11,432	11,994	24,934	11,432	11,881
	Net Assets		41,071	38,061	35,937	41,071	38,061	35,937
EQUITY								
	Accumulated funds		41,071	38,061	35,937	41,071	38,061	35,937
	Total Equity		41,071	38,061	35,937	41,071	38,061	35,937

The accompanying notes form part of these financial statements.

CANCER INSTITUTE NSW
Statement of changes in equity
for the year ended 30 June 2013

Consolidated	Accumulated	
	Funds \$'000	Total \$'000
Balance at 1 July 2012	35,937	35,937
Net result for the year	<u>4,912</u>	<u>4,912</u>
Other comprehensive income		
Actuarial gain on superannuation	222	222
Total other comprehensive income	<u>222</u>	<u>222</u>
Total comprehensive income for the year	<u>5,134</u>	<u>5,134</u>
Balance at 30 June 2013	<u>41,071</u>	<u>41,071</u>

	Accumulated	
	Funds \$'000	Total \$'000
Balance at 1 July 2011	38,495	38,495
Net result for the year	<u>(1,604)</u>	<u>(1,604)</u>
Other comprehensive income		
Actuarial loss on superannuation	(954)	(954)
Total other comprehensive income	<u>(954)</u>	<u>(954)</u>
Total comprehensive income for the year	<u>(2,558)</u>	<u>(2,558)</u>
Balance at 30 June 2012	<u>35,937</u>	<u>35,937</u>

Cancer Institute NSW	Accumulated	
	Funds \$'000	Total \$'000
Balance at 1 July 2012	35,937	35,937
Net result for the year	<u>5,134</u>	<u>5,134</u>
Other comprehensive income		
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>5,134</u>	<u>5,134</u>
Balance at 30 June 2013	<u>41,071</u>	<u>41,071</u>

	Accumulated	
	Funds \$'000	Total \$'000
Balance at 1 July 2011	38,495	38,495
Net result for the year	<u>(2,558)</u>	<u>(2,558)</u>
Other comprehensive income		
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(2,558)</u>	<u>(2,558)</u>
Balance at 30 June 2012	<u>35,937</u>	<u>35,937</u>

The accompanying notes form part of these financial statements.

CANCER INSTITUTE NSW
Statement of cash flows
for the year ended 30 June 2013

Notes	Consolidated			Cancer Institute NSW		
	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
	(19,521)	(24,789)	(19,665)	-	-	-
Employee related						
Personnel services	-	-	-	(19,540)	(24,789)	(19,753)
Grants and subsidies	(112,501)	(100,351)	(115,088)	(112,501)	(100,351)	(115,088)
Finance costs	-	(32)	-	-	(32)	-
Other	(30,656)	(62,085)	(38,766)	(30,653)	(62,085)	(38,700)
Total Payments	(162,678)	(187,257)	(173,519)	(162,694)	(187,257)	(173,541)
Receipts						
Interest received	2,046	2,800	2,706	2,046	2,800	2,706
Grants and contributions	175,190	158,139	163,635	175,190	158,139	163,635
Other	737	28,884	977	743	28,884	896
Total Receipts	177,973	189,823	167,318	177,979	189,823	167,237
NET CASH FLOWS FROM OPERATING ACTIVITIES						
16	15,295	2,566	(6,201)	15,285	2,566	(6,304)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of plant and equipment & Intangibles	(762)	(1,148)	(2,424)	(762)	(1,148)	(2,424)
NET CASH FLOWS FROM INVESTING ACTIVITIES						
	(762)	(1,148)	(2,424)	(762)	(1,148)	(2,424)
NET INCREASE / (DECREASE) IN CASH						
	14,533	1,418	(8,625)	14,523	1,418	(8,728)
Opening cash and cash equivalents	35,302	38,644	43,927	35,189	38,644	43,917
CLOSING CASH AND CASH EQUIVALENTS						
6	49,835	40,062	35,302	49,712	40,062	35,189

The accompanying notes form part of these financial statements.

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Cancer Institute NSW (the Institute), is a NSW government entity. The Institute is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

Following the assenting of the Cancer Institute NSW amendment Act 2012, the Cancer Institute NSW became subject to the administration of the public health system under the Health Services Act 1997. This was effective 1 April 2013. The Cancer Institute NSW is now a controlled entity of the Ministry Health, and consolidated as part of the Ministry of Health.

The Institute 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.

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

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Board of the Cancer Institute NSW on 23 September 2013.

(b) Basis of preparation

The Institute's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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 (except for the superannuation disclosure in note 11, which is provided by Pillar in whole dollars) and are expressed in Australian currency.

(c) Statement of compliance

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

(d) Insurance

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

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

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

- the amount of GST incurred by the Institute as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

1 Summary of Significant Accounting Policies (cont'd)

(f) Recognition of Grants and Subsidies expenditure

Grants are recognised as expenses upon the payment of cash based on agreed payment schedules and when all formal contracts have been executed by all parties.

Hospital and Research grants are recognised at the time the Institute becomes liable to make payment according to the funding agreement. Grants that have not been paid are accrued at balance date.

(g) 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 income are discussed below.

(i) Grants and contributions income

Grants and contributions are generally recognised as income when the Institute obtains control over the assets. Control is normally obtained upon the receipt of cash.

(ii) 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).

(iii) Investment revenue

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

(h) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Institute. 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. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually are capitalised.

(iii) Valuation of plant and equipment

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value in accordance with the "valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP07-1).

(iv) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the Institute are regarded as immaterial.

1 Summary of Significant Accounting Policies (cont'd)

(h) Assets (cont'd)

(v) Depreciation of 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 Institute.

Depreciation Rates	30 June 2013
	% Rate
Plant & Equipment	
Computer equipment	25
Office equipment	14
Leasehold Improvements - amortised over the period of the lease.	-

(vi) 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.

(vii) Maintenance

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

(viii) Leased assets

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

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(ix) Intangible assets

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute 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 Institute's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Institute's intangible assets are amortised using the straight line method over a period of 4 to 10 years.

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.

(x) Receivables

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 result for the year when impaired, derecognised or through the amortisation process.

1 Summary of Significant Accounting Policies (cont'd)

(h) Assets (cont'd)

Receivables (cont'd)

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

(xi) Investments

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

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

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

(xii) 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. 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.

(xiii) 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 entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

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

1 Summary of Significant Accounting Policies (cont'd)

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Institute 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.

(ii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors to employees using current rates of pay. These factors were determined based on an independent actuarial review in 2013 to approximate present value. For each future year the entitlements expected to be paid in service and on termination of employment have been determined by making a projection for each employee based on their current salary and long service value balance, assumed rates of taking long service leave in service, rates of death, disablement, retirement, resignation and rates of salary escalation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the assumed interest rate.

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan (i.e. Basic Benefit and First State Super) under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The expense is calculated as percentage of the employee's salary.

(ii) Defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme). An independent actuarial assessment of the defined benefit is undertaken at each reporting date.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of financial position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the net result for superannuation is the net total of current service cost and the expected return on plan assets. Actuarial gains and losses are charged directly to equity in the year they occur.

1 Summary of Significant Accounting Policies (cont'd)

(i) Liabilities (cont'd)

(ii) Employee benefits and other provisions (cont'd)

(c) Other provisions

Other provisions exist when the Institute 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.

(j) Equity and reserves

(i) Accumulated Funds

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

(ii) Superannuation actuarial gains and losses are recognised in the statement of changes in equity as required by AASB 119 Employee Benefits.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) 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.

(m) New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective. Treasury Circular TC13/02 mandates not to early adopt any of the new Standards / Interpretations.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

It is considered that the impact of these new Standards / Interpretations in future periods will have no material impact on the financial statements of the Institute.

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

2 Expenses Excluding Losses

	Consolidated		Cancer Institute NSW	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	16,706	17,254	-	-
Superannuation - defined benefit plans	25	76	-	-
Superannuation - defined contribution plans	1,229	1,223	-	-
Long service leave	195	891	-	-
Workers compensation insurance	94	57	-	-
Payroll tax and fringe benefit tax	956	1,039	-	-
Redundancy Payments	189	109	-	-
	19,394	20,649	-	-
(b) Personnel Services				
Personnel Services	-	-	19,172	21,603
	-	-	19,172	21,603

These relate to expenses for personnel services provided by the Cancer Institute Division.

	Consolidated		Cancer Institute NSW	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(c) Other operating expenses include the following:				
Auditor's remuneration - audit of the financial statements	45	43	45	43
Corporate services provider fees	403	404	403	404
Electronic data processing expenses	2,234	4,479	2,234	4,479
Consultancy costs	223	225	223	225
General contractors*	7,736	2,712	7,736	2,712
Cancer audits and reviews	2,233	1,861	2,233	1,861
Cancer Information Systems Development	6,714	5,620	6,714	5,620
Production of Cancer Prevention Campaigns	2,970	1,965	2,970	1,965
Operating lease rental expense - minimum lease payments	1,670	1,598	1,670	1,598
Postage	495	386	495	386
Printing	268	249	268	249
Stores and stationery	115	198	115	198
Travel	246	249	246	249
Cancer Prevention campaign advertising	12,719	9,958	12,719	9,958
Board and committee expenses	277	189	277	189
NSW Clinical Information Access Program journals	53	438	53	438
Sponsorships	326	325	326	325
Repairs and maintenance	30	9	30	9
Other	2,036	1,935	2,036	1,935
	40,793	32,843	40,793	32,843

*In the current year labour agency contractor costs are included in other operating expenses. In prior years this was classified under employee related expenses.

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

2 Expenses Excluding Losses (cont'd)

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(d) Depreciation and amortisation expense				
Depreciation				
Plant and equipment	299	99	299	99
Amortisation				
Leasehold improvements	787	785	787	785
Intangibles	462	240	462	240
	1,548	1,124	1,548	1,124
(e) Grants and subsidies				
Grants to NSW Local Health Districts / Health Reform Transitional Offices	66,105	65,624	66,105	65,624
Hospitals and Research	26,981	25,064	26,981	25,064
Capital grants	2,414	9,053	2,414	9,053
	95,500	99,741	95,500	99,741
(f) Finance costs				
Unwinding of the discount	48	28	48	28
	48	28	48	28

3 Revenue

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(a) Investment revenue				
Interest revenue from financial assets not at fair value through profit or loss	1,065	1,623	1,065	1,623
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	757	965	757	965
	1,822	2,588	1,822	2,588
(b) Grants and contributions				
Ministry of Health	157,011	147,408	157,011	147,408
Commonwealth Government	2,409	1,895	2,409	1,895
Membership contribution	227	196	227	196
	159,647	149,499	159,647	149,499
(c) Other revenue				
Recoveries	726	699	726	699
	726	699	726	699

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

4 Gain / (Loss) on Disposal

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Gain / (loss) on disposal of plant and equipment				
Proceeds from disposal	-	-	-	-
Written down value of assets disposed	-	5	-	5
Net gain / (loss) on disposal of plant and equipment	-	(5)	-	(5)

5 Service Group of Cancer Institute NSW

The Institute service group covers the services provided to accelerate the control and cure of cancer. Details of the expenses, revenues, assets and liabilities for this service group are available in the statement of comprehensive income and statement of financial position.

6 Current Assets - Cash and Cash Equivalents

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and on hand	28,379	14,602	28,256	14,489
Short-term Treasury Corporation deposits	21,456	20,700	21,456	20,700
	49,835	35,302	49,712	35,189

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short term deposits in the NSW Treasury Corporation's Hour-Glass cash facility.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash and cash equivalents (per statement of financial position)	49,835	35,302	49,712	35,189
Closing cash and cash equivalent (per statements of cash flows)	49,835	35,302	49,712	35,189

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Restricted Assets

Included in the Treasury Corporation Deposits is an amount of \$10.9m (\$10.4m for 2012) classified as BreastScreen Capital Reserve which is restricted for use on capital equipment for BreastScreen NSW Services and maintenance of Central BreastScreen NSW capital infrastructure.

7 Current Assets - Receivables

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Goods and Services Tax recoverable	4,157	2,698	4,157	2,698
Debtors	709	718	701	718
Accrued Interest	565	789	565	789
Prepayments	4,588	1,357	4,588	1,357
	10,019	5,562	10,011	5,562

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 17.

8 Non-Current Assets - Plant and Equipment

	Plant and Equipment
Consolidated and Cancer Institute NSW	
At 1 July 2012 - fair value	
Gross carrying amount	6,892
Accumulated depreciation and impairment	<u>(2,594)</u>
Net carrying amount	<u>4,298</u>
At 30 June 2013 - fair value	
Gross carrying amount	7,265
Accumulated depreciation and impairment	<u>(3,501)</u>
Net carrying amount	<u>3,764</u>

Reconciliation

A reconciliation of the carrying amount of plant and equipment at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2013

Net carrying amount at start of year	4,298
Additions	552
Disposals	(180)
Depreciation expense	(1,086)
Writeback depreciation on disposals	<u>180</u>
Net carrying amount at end of year	<u>3,764</u>

At 1 July 2011 - fair value

Gross carrying amount	6,192
Accumulated depreciation and impairment	<u>(1,920)</u>
Net carrying amount	<u>4,272</u>

At 30 June 2012 - fair value

Gross carrying amount	6,892
Accumulated depreciation and impairment	<u>(2,594)</u>
Net carrying amount	<u>4,298</u>

Reconciliation

A reconciliation of the carrying amount of plant and equipment at the beginning and end of the previous reporting period is set out below.

Year ended 30 June 2012

Net carrying amount at start of year	4,272
Additions	915
Disposals	(214)
Depreciation expense	(884)
Writeback depreciation on disposals	<u>209</u>
Net carrying amount at end of year	<u>4,298</u>

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

9 Intangible Assets

	Software \$'000	Research management application development \$'000	Web analysis tool developme nt \$'000	Cancer Registry Redesign \$'000	Total \$'000
Consolidated and Cancer Institute NSW					
At 1 July 2012					
Cost (gross carrying amount)	107	413	510	2,123	3,153
Accumulated amortisation and impairment	(84)	(112)	(170)	(18)	(384)
Net carrying amount	23	301	340	2,105	2,769
At 30 June 2013					
Cost (gross carrying amount)	136	595	510	2,123	3,364
Accumulated amortisation and impairment	(104)	(215)	(297)	(230)	(846)
Net carrying amount	32	380	213	1,893	2,518
Year ended 30 June 2013					
Net carrying amount at start of year	23	301	340	2,105	2,769
Additions - acquired separately	29	182	-	-	211
Amortisation (recognised in "depreciation and amortisation")	(20)	(103)	(127)	(212)	(462)
Net carrying amount at end of year	32	380	213	1,893	2,518

	Software \$'000	Research management application development \$'000	Web analysis tool developme nt \$'000	Cancer Registry Redesign \$'000	Total \$'000
At 1 July 2011					
Cost (gross carrying amount)	107	393	510	634	1,644
Accumulated amortisation and impairment	(67)	(32)	(43)	-	(142)
Net carrying amount	40	361	467	634	1,502
At 30 June 2012					
Cost (gross carrying amount)	107	413	510	2,123	3,153
Accumulated amortisation and impairment	(84)	(112)	(170)	(18)	(384)
Net carrying amount	23	301	340	2,105	2,769
Year ended 30 June 2012					
Net carrying amount at start of year	40	361	467	634	1,502
Additions - acquired separately	-	20	-	1,489	1,509
Amortisation (recognised in "depreciation and amortisation")	(17)	(80)	(127)	(18)	(242)
Net carrying amount at end of year	23	301	340	2,105	2,769

10 Current Liabilities - Payables

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current Liabilities - Payables				
Creditors	7,875	393	7,869	386
Accrued salaries, wages & on-costs	409	418	-	-
Accrued expenses	8,069	1,768	8,069	1,768
Accrued Personnel Services	-	-	6,170	6,537
	16,353	2,579	22,108	8,691

The accrued personnel services relate to the accrued cost of personnel services provided by the Cancer Institute Division.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

CANCER INSTITUTE NSW
Notes to the financial statements
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11 Current / Non-Current Liabilities - Provisions

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current				
Employee benefits and related on-costs				
Recreation leave	1,631	1,541	-	-
Long service leave	1,936	1,854	-	-
Fringe benefits tax	71	41	-	-
Superannuation (see Superannuation funds below)	1,550	1,844	-	-
	<u>5,188</u>	<u>5,280</u>	<u>-</u>	<u>-</u>
Other provisions				
Restoration Cost	138	-	138	-
	<u>138</u>	<u>-</u>	<u>138</u>	<u>-</u>
Total current provisions	<u>5,326</u>	<u>5,280</u>	<u>138</u>	<u>-</u>
Non-current				
Employee benefits and related on-costs				
Long service leave	698	945	-	-
	<u>698</u>	<u>945</u>	<u>-</u>	<u>-</u>
Other provisions				
Restoration costs	484	573	484	573
	<u>484</u>	<u>573</u>	<u>484</u>	<u>573</u>
Total non-current provisions	<u>1,182</u>	<u>1,518</u>	<u>484</u>	<u>573</u>
Aggregate employee benefits and related on-costs				
Provisions - current	5,188	5,280	-	-
Provisions - long service leave - non-current	698	945	-	-
Accrued salaries, wages and on-costs (Note 10)	409	418	-	-
Accrued personnel services (Note 10)	-	-	6,170	6,537
	<u>6,295</u>	<u>6,643</u>	<u>6,170</u>	<u>6,537</u>

Recreation leave is assumed to be taken in the next 12 months.

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below:

	Restoration cost	Total
	\$'000	\$'000
Non-current provisions		
Consolidated and Cancer Institute NSW		
2013		
Carrying amount at the beginning of financial year	573	573
Unwinding of the discount	48	48
Amounts used	-	-
Amounts transferred to current liabilities	-	-
Carrying amount at end of financial year	<u>621</u>	<u>621</u>

This provision is for makegood of leased premises as required in the conditions of the lease. Expected outflows are November 2013, \$138,000 and November 2018, \$483,000. The November 2018 outflow is dependent upon extension of current lease.

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities – Provisions (cont'd)

Superannuation Funds as at 30 June 2013
Basis – AASB 119

	SASS 30-Jun-13	SANCS 30-Jun-13	SSS 30-Jun-13	TOTAL 30-Jun-13
Member Numbers				
Contributors	4	4	0	
Deferred benefits	0	0	1	
Pensioners	0	0	1	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability	1,489,458	235,826	1,967,466	3,692,750
Estimated reserve account balance	(1,064,766)	(103,418)	(974,366)	(2,142,550)
	424,692	132,408	993,100	1,550,200
Future Service Liability (Note 1)	(343,827)	(95,220)	0	(439,047)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in statement of financial position	424,692	132,408	993,100	1,550,200

Superannuation Funds as at 30 June 2012
Basis – AASB 119

	SASS 30-Jun-12	SANCS 30-Jun-12	SSS 30-Jun-12	TOTAL 30-Jun-12
Member Numbers				
Contributors	6	6	0	
Deferred benefits	0	0	1	
Pensioners	0	0	1	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability	1,835,084	359,781	2,179,655	4,374,520
Estimated reserve account balance	(1,430,441)	(243,630)	(855,967)	(2,530,038)
Rounding adjustment	0	0	0	0
	404,643	116,151	1,323,688	1,844,482
Future Service Liability (Note 1)	(607,235)	(127,016)	0	(734,251)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in statement of financial position	404,643	116,151	1,323,688	1,844,482

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities – Provisions (cont'd)

Disclosure Items 30 June 2013 and 30 June 2012

Accounting policy {AASB 119 – paragraph 120A(a)}

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Fund information {AASB 119 – paragraph 120A(b)}

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS Financial Year to 30 June 2013	SANCS Financial Year to 30 June 2013	SSS Financial Year to 30 June 2013
	A\$	A\$	A\$
<i>Present value of partly funded defined benefit obligation at beginning of the year</i>	1,835,084	359,781	2,179,655
Current service cost	88,147	15,587	0
Interest cost	53,877	10,387	64,768
Contributions by Fund participants	48,322	0	0
Actuarial (gains)/losses	53,473	28,810	(251,890)
Benefits paid	(589,445)	(178,739)	(25,067)
Past service cost	0	0	0
Curtailments	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Present value of partly funded defined benefit obligation at end of the year</i>	1,489,458	235,826	1,967,466

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A\$	A\$	A\$
<i>Present value of partly funded defined benefit obligation at beginning of the year</i>	1,036,569	251,073	1,548,962
Current service cost	56,811	10,919	25,458
Interest cost	53,507	12,604	81,521
Contributions by Fund participants	34,697	0	35,752
Actuarial (gains)/losses	391,411	48,373	484,487
Benefits paid	262,089	36,812	3,475
Past service cost	0	0	0
Curtailments	0	0	0
Settlements	0	0	0
Business Combinations	0	0	0
Exchange rate changes	0	0	0
<i>Present value of partly funded defined benefit obligation at end of the year</i>	1,835,084	359,781	2,179,655

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities – Provisions (cont'd)

Reconciliation of the fair value of Fund assets {AASB 119 – paragraph 120A(e)}

	SASS Financial Year to 30 June 2013	SANCS Financial Year to 30 June 2013	SSS Financial Year to 30 June 2013
	A\$	A\$	A\$
<i>Fair value of Fund assets at beginning of the year</i>	1,430,441	243,630	855,967
Expected return on Fund assets	120,295	19,694	68,190
Actuarial gains/(losses)	(30,299)	7,405	75,276
Employer contributions	85,452	11,429	0
Contributions by Fund participants	48,322	0	0
Benefits paid	(589,445)	(178,739)	(25,067)
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
<i>Fair value of Fund assets at end of the year</i>	1,064,766	103,418	974,366

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A\$	A\$	A\$
<i>Fair value of Fund assets at beginning of the year</i>	838,236	188,762	860,456
Expected return on Fund assets	75,011	15,849	73,775
Actuarial gains/(losses)	106,103	(13,558)	(122,278)
Employer contributions	114,305	15,764	4,787
Contributions by Fund participants	34,697	0	35,752
Benefits paid	262,089	36,812	3,475
Settlements	0	0	0
Business combinations	0	0	0
Exchange rate changes	0	0	0
Rounding adjustments	0	1	0
<i>Fair value of Fund assets at end of the year</i>	1,430,441	243,630	855,967

Reconciliation of the assets and liabilities recognised in Statement of Financial position {AASB 119 – paragraphs 120A(d) and (f)}

	SASS Financial Year to 30 June 2013	SANCS Financial Year to 30 June 2013	SSS Financial Year to 30 June 2013
	A\$	A\$	A\$
Present value of partly funded defined benefit obligation at end of year	1,489,458	235,826	1,967,466
Fair value of Fund assets at end of year	(1,064,766)	(103,418)	(974,366)
<i>Subtotal</i>	424,692	132,408	993,100
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
<i>Net Liability/(Asset) recognised in statement of financial position at end of year</i>	424,692	132,408	993,100

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities – Provisions (cont'd)

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A\$	A\$	A\$
Present value of partly funded defined benefit obligation at end of year	1,835,084	359,781	2,179,655
Fair value of Fund assets at end of year	(1,430,441)	(243,630)	(855,967)
<i>Subtotal</i>	404,643	116,151	1,323,688
Unrecognised past service cost	0	0	0
Unrecognised gain/(loss)	0	0	0
Adjustment for limitation on net asset	0	0	0
<i>Net Liability/(Asset) recognised in statement of financial position at end of year</i>	404,643	116,151	1,323,688

Expense Recognised in Statement of Comprehensive Income {AASB 119 – paragraph 46 & 120A(g)}

	SASS Financial Year to 30 June 2013	SANCS Financial Year to 30 June 2013	SSS Financial Year to 30 June 2013
	A\$	A\$	A\$
Components Recognised in Statement of Comprehensive Income			
Current service cost	88,147	15,587	0
Interest cost	53,877	10,387	64,768
Expected return on Fund assets (net of expenses)	(120,295)	(19,694)	(68,190)
Actuarial losses/(gains) recognised in year	0	0	0
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	0	0	0
Curtailment or settlement (gain)/loss	0	0	0
<i>Rounding adjustment</i>	1	0	0
<i>Expense/(income) recognised</i>	21,730	6,280	(3,422)

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A\$	A\$	A\$
Components Recognised in Statement of Comprehensive Income			
Current service cost	56,811	10,919	25,458
Interest cost	53,507	12,604	81,521
Expected return on Fund assets (net of expenses)	(75,011)	(15,849)	(73,775)
Actuarial losses/(gains) recognised in year	0	0	0
Past service cost	0	0	0
Movement in adjustment for limitation on net asset	0	0	0
Curtailment or settlement (gain)/loss	0	0	0
Rounding Adjustments	1	0	0
<i>Expense/(income) recognised</i>	35,308	7,674	33,204

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities – Provisions (cont'd)

Amounts recognised in other comprehensive income {AASB 119 – paragraph 120A(h)}

	SASS Financial Year to 30 June 2013 A\$	SANCS Financial Year to 30 June 2013 A\$	SSS Financial Year to 30 June 2013 A\$
Actuarial (gains)/losses	83,771	21,405	(327,165)
Adjustment for limit on net asset	0	0	0

	SASS Financial Year to 30 June 2012 A\$	SANCS Financial Year to 30 June 2012 A\$	SSS Financial Year to 30 June 2012 A\$
Actuarial (gains)/losses	285,308	61,931	606,765
Adjustment for limit on net asset	0	0	0

Fund assets {AASB 119 – paragraph 120A(j)}

The percentage invested in each asset class at the balance sheet date:

	30-Jun-13	30-Jun-12
Australian equities	30.4%	28.0%
Overseas equities	26.1%	23.7%
Australian fixed interest securities	6.9%	4.9%
Overseas fixed interest securities	2.2%	2.4%
Property	8.3%	8.6%
Cash	13.1%	19.5%
Other	13.0%	12.9%

Fair value of Fund assets {AASB 119 – paragraph 120A(k)}

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets {AASB119 – paragraph 120A(l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets {AASB 119 – paragraph 120A(m)}

	SASS Financial Year to 30 June 2013 A\$	SANCS Financial Year to 30 June 2013 A\$	SSS Financial Year to 30 June 2013 A\$
Actual return on Fund assets	206,364	27,099	143,465

	SASS Financial Year to 30 June 2012 A\$	SANCS Financial Year to 30 June 2012 A\$	SSS Financial Year to 30 June 2012 A\$
Actual return on Fund assets	13,612	2,291	7,503

CANCER INSTITUTE NSW
Notes to the financial statements
for the year ended 30 June 2013

11 Current / Non-Current Liabilities – Provisions (cont'd)

Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A(n)}

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Salary increase rate (excluding promotional increases)		
2013/2014 (SASS, SSS and SANCS)	2.25% (PSS 2.95%)	2.5% pa
2014/2015	2.25%	2.5% pa
2015/2016 to 2019/2020	2.0% pa	2.5% pa
2020 onwards	2.5% pa	2.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.60%	8.6% pa
Discount rate	3.80% pa	3.06% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical information {AASB119 – paragraph 120A(p)}

	SASS	SANCS	SSS
	Financial Year to	Financial Year to	Financial Year to
	30 June 2013	30 June 2013	30 June 2013
	A\$	A\$	A\$
Present value of defined benefit obligation	1,489,458	235,826	1,967,466
Fair value of Fund assets	(1,064,766)	(103,418)	(974,366)
(Surplus)/Deficit in Fund	424,692	132,408	993,100
Experience adjustments – Fund liabilities	53,473	28,810	(251,890)
Experience adjustments – Fund assets	30,299	(7,405)	(75,276)

	SASS	SANCS	SSS
	Financial Year to	Financial Year to	Financial Year to
	30 June 2012	30 June 2012	30 June 2012
	A\$	A\$	A\$
Present value of defined benefit obligation	1,835,084	359,781	2,179,655
Fair value of Fund assets	(1,430,441)	(243,630)	(855,967)
(Surplus)/Deficit in Fund	404,643	116,151	1,323,688
Experience adjustments – Fund liabilities	391,411	48,373	484,487
Experience adjustments – Fund assets	(106,103)	13,558	122,278

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11 Current / Non-Current Liabilities – Provisions (cont'd)

	SASS Financial Year to 30 June 2011	SANCS Financial Year to 30 June 2011	SSS Financial Year to 30 June 2011
	A\$	A\$	A\$
Present value of defined benefit obligation	1,036,569	251,073	1,548,962
Fair value of Fund assets	(838,236)	(188,762)	(860,456)
Rounding adjustments	(1)	0	0
(Surplus)/Deficit in Fund	198,332	62,311	688,506
Experience adjustments – Fund liabilities	173,088	3,891	(18,028)
Experience adjustments – Fund assets	(140,685)	770	4,180

	SASS Financial Year to 30 June 2010	SANCS Financial Year to 30 June 2010	SSS Financial Year to 30 June 2010
	A\$	A\$	A\$
Present value of defined benefit obligation	536,441	152,116	1,473,125
Fair value of Fund assets	(353,709)	(92,543)	(774,249)
Rounding adjustments	1	0	0
(Surplus)/Deficit in Fund	182,733	59,573	698,876
Experience adjustments – Fund liabilities	(321,878)	(34,630)	136,298
Experience adjustments – Fund assets	182,150	(1,461)	(4,732)

Expected contributions {AASB119 – paragraph 120A(q)}

	SASS Financial Year to 30 June 2013	SANCS Financial Year to 30 June 2013	SSS Financial Year to 30 June 2013
	A\$	A\$	A\$
Expected employer contributions to be paid in the next reporting period	91,812	15,623	0

	SASS Financial Year to 30 June 2012	SANCS Financial Year to 30 June 2012	SSS Financial Year to 30 June 2012
	A\$	A\$	A\$
Expected employer contributions to be paid in the next reporting period	65,924	11,980	57,203

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30-Jun-13	SANCS 30-Jun-13	SSS 30-Jun-13
	A\$	A\$	A\$
Accrued benefits	1,316,641	193,833	1,066,145
Net market value of Fund assets	(1,064,766)	(103,418)	(974,366)
<i>Net (surplus)/deficit</i>	251,875	90,415	91,779

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11 Current / Non-Current Liabilities – Provisions (cont'd)

The following is a summary of the 30 June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS	SANCS	SSS
	30-Jun-12	30-Jun-12	30-Jun-12
	A\$	A\$	A\$
Accrued benefits	1,537,662	280,416	1,050,725
Net market value of Fund assets	(1,430,441)	(243,630)	(855,967)
Rounding adjustments	(1)	1	0
<i>Net (surplus)/deficit</i>	107,220	36,787	194,758

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
2013	1.90	2.50	1.60
2012	1.90	2.50	1.60

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2012 actuarial review of the Fund are:

Weighted-Average Assumptions	30-Jun-13	30-Jun-12
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

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12 Current / Non-Current Liabilities - Other

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current				
Lease incentive	413	413	413	413
	<u>413</u>	<u>413</u>	<u>413</u>	<u>413</u>
Non-current				
Lease incentive	1,791	2,204	1,791	2,204
	<u>1,791</u>	<u>2,204</u>	<u>1,791</u>	<u>2,204</u>

13 Commitments for expenditure

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(a) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable				
Not later than one year	1,738	2,043	1,738	2,043
Later than one year and not later than five years	6,722	6,704	6,722	6,704
Later than five years	592	2,348	592	2,348
Total (including GST)	<u>9,052</u>	<u>11,095</u>	<u>9,052</u>	<u>11,095</u>

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 \$ 9.1 million (2012: \$11.1 million).

Operating lease commitments above include input tax credits of \$0.8m that are expected to be recovered from the Australian Taxation Office (2012: \$1.0 million).

14 Contingent Liabilities and Contingent Assets

There are no known contingent assets and contingent liabilities as at 30 June 2013 (Nil at 30 June 2012).

15 Budget Review

Net result

Actual net result of \$4.9 million was \$3.7 million higher than budgeted net result of \$1.1 million primarily due to lower than budgeted expenditure for NSW Health Services Grants relating to capital replacements. This expenditure will be incurred in the next two financial years.

Assets and liabilities

Net assets were higher than budget by \$3.0 million primarily due to the higher than budgeted net result for the 2012/13.

Cash flows

Actual cash: \$49.8 million. Variation of \$9.8 million compared to budget is primarily due the higher volume of invoices in payables at the end of the financial year.

16 Reconciliation of Cash Flows from Operating Activities to Net Result

	Consolidated		Cancer Institute NSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net cash from /(used) on operating activities	15,295	(6,201)	15,285	(6,304)
Actuarial (gain) / loss on superannuation	(222)	954	-	-
Depreciation and amortisation	(1,548)	(1,124)	(1,548)	(1,124)
Decrease / (increase) in provisions	704	(1,468)	365	385
Increase / (decrease) in prepayments and other assets	4,457	1,745	4,449	1,691
(Increase) / decrease in creditors	(13,774)	4,495	(13,417)	2,799
Net gain / (loss) on sale of plant and equipment	-	(5)	-	(5)
Net result	<u>4,912</u>	<u>(1,604)</u>	<u>5,134</u>	<u>(2,558)</u>

CANCER INSTITUTE NSW
Notes to the financial statements
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17 Financial Instruments

The Institute's principal financial instruments are outlined below. These financial instruments arise directly from the Institute's operations or are required to finance the Institute's operations. The Institute does not enter into or trade financial instruments for speculative purposes. The Institute does not use financial derivatives.

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

The Board 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 Institute, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the internal auditors on a scheduled basis.

(a) Financial instrument categories

Consolidated	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Financial Assets				
Cash and cash equivalents	6	N/A	49,835	35,302
Receivables ¹	7	Loans and receivables (at amortised cost)	1,274	1,507
Financial Liabilities				
Payables ²	10	Financial liabilities measured at amortised cost	16,277	2,486
Cancer Institute NSW				
Financial Assets				
Cash and cash equivalents	6	N/A	49,712	35,189
Receivables ¹	7	Loans and receivables (at amortised cost)	1,266	1,507
Financial Liabilities				
Payables ²	10	Financial liabilities measured at amortised cost	22,108	8,691

¹Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

²Excludes statutory payables and unearned revenue (i.e not within scope of AASB 7)

(b) Credit Risk

Credit risk arises from the financial assets of the Institute, including cash, receivables and authority deposits. No collateral is held by the Institute. The Institute has not granted any financial guarantees. Credit risk arises when there is the possibility of the Institute's debtors defaulting on their contractual obligations, resulting in a financial loss to the Institute. 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 associated with the Institute'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 within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed below.

17 Financial Instruments (cont'd)

Authority Deposits

The Institute has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.66% (2012 - 4.89%), while over the year the weighted average interest rate was 3.56% (2012 - 4.78%) on a weighted average balance during the year of \$ 21M (2012 - \$20.3M). These assets are not impaired.

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 Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity 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. Sales are made on 30 day terms.

The Institute 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 (2013: \$480,000, 2012: \$237,000) and less than 3 months past due (2013: \$4,000, 2012: \$56,000) are not considered impaired and together these represent 99% (2012: 49%) of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	\$'000		
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
Consolidated			
2013			
< 3 months overdue	4	4	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2012			
< 3 months overdue	56	56	-
3 months – 6 months overdue	28	28	-
> 6 months overdue	274	274	-

	\$'000		
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
Cancer Institute NSW			
2013			
< 3 months overdue	4	4	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2012			
< 3 months overdue	56	56	-
3 months – 6 months overdue	28	28	-
> 6 months overdue	274	274	-

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

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

17 Financial Instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Institute will be unable to meet its payment obligations when they fall due. The Institute continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk:

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 out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no 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 payments to other suppliers, the Institute may automatically pay the supplier simple interest. No penalty interest was paid during the year (2012 - \$Nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

\$'000

	Weighted Average Effective Int. Rate	Nominal Amount	Interest Rate Exposure		Maturity Dates		
			Fixed Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Consolidated 2013							
<i>Payables:</i>							
Creditors	N/A	16,277	-	16,277	16,277	-	-
		16,277	-	16,277	16,277	-	-

Consolidated 2012							
<i>Payables:</i>							
Creditors	N/A	2,486	-	2,486	2,486	-	-
		2,486	-	2,486	2,486	-	-

\$'000

	Weighted Average Effective Int. Rate	Nominal Amount	Interest Rate Exposure		Maturity Dates		
			Fixed Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Cancer Institute NSW 2013							
<i>Payables:</i>							
Creditors	N/A	22,108	-	22,108	22,108	-	-
		22,108	-	22,108	22,108	-	-

Cancer Institute NSW 2012							
<i>Payables:</i>							
Creditors	N/A	8,691	-	8,691	8,691	-	-
		8,691	-	8,691	8,691	-	-

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17 Financial Instruments (cont'd)

(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 Institute's exposure to market risk is primarily through price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Institute has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Institute 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 2012. The analysis assumes that all other variables remain constant.

(e) Interest rate risk

The Institute 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 in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Institute's exposure to interest rate risk is set out below.

	Carrying Amount	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Consolidated					
2013					
<i>Financial assets</i>					
Cash and cash equivalents	49,835	(498)	(498)	498	498
Receivables	1,274	-	-	-	-
	51,109	(498)	(498)	498	498
<i>Financial liabilities</i>					
Payables	15,849	-	-	-	-
2012					
<i>Financial assets</i>					
Cash and cash equivalents	35,302	(353)	(353)	353	353
Receivables	1,507	-	-	-	-
	36,809	(353)	(353)	353	353
<i>Financial liabilities</i>					
Payables	2,486	-	-	-	-
Cancer Institute NSW					
2013					
<i>Financial assets</i>					
Cash and cash equivalents	49,712	(497)	(497)	497	497
Receivables	1,266	-	-	-	-
	50,978	(497)	(497)	497	497
<i>Financial liabilities</i>					
Payables	22,108	-	-	-	-
2012					
<i>Financial assets</i>					
Cash and cash equivalents	35,189	(352)	(352)	352	352
Receivables	1,507	-	-	-	-
	36,696	(352)	(352)	352	352
<i>Financial liabilities</i>					
Payables	8,691	-	-	-	-

17 Financial Instruments (cont'd)

(f) Other price risk - TCorp Hour-Glass facilities

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

Consolidated and Cancer Institute NSW

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	21,456	20,700

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

NSW TCorp is trustee for the above facility and is required to act in the best interest of the unit holders and also to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historical volatility information collected over a ten year period, quoted at two standard deviations (i.e.95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Impact on profit/loss		
	Change in unit price	2013 \$'000	2012 \$'000
Consolidated and Cancer Institute NSW			
Hour Glass Investment - Cash facility	+/- 1%	215	207

(g) Fair Value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. The value of the Hour-Glass Investments is based on the Institute's share of the value of the underlying assets of the facility, based on the market value. All Hour-Glass facilities are valued using 'redemption' pricing.

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.

18 Events after the Reporting Period

The Cancer Institute NSW following the assenting of the Cancer Institute Amendment Act 2012 became subject to the administration of the public health system under the Health Services Act 1997. This occurred on the 1st of April 2013. Consequently the employment conditions will change effective from the 1st of July 2013 which would change the Long Service Leave and the Defined Benefit Schemes Superannuation liabilities to be crown accepted.

The Centre for Health Record Linkage (CHeReL) reported within the Cancer Institute NSW will be transferred effective 1st July 2013 to Health System Support Group; a unit of Health Administration Corporation. This involves the transfer of 11 employees, total assets to the value of \$444,000 and total liabilities of \$197,000.

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

End of audited financial statements