PERTH CHILDRENS HOSPITAL FOUNDATION LIMITED
A.B.N. 18 604 862 071
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

PERTH CHILDRENS HOSPITAL FOUNDATION LIMITED
A.B.N. 18 604 862 071

GENERAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2020

C O N T E N T S

DIRECTORS' REPORT

The directors present this report on Perth Childrens Hospital Foundation Limited (the "Company") for the financial year ended 30 June 2020.

DIRECTORS

The names of each person who held office during the year and to the date of this report are:

Ian Gordon Campbell
Ian Douglas Shepherd
Russell Keith Garvey
Philip John Aylward
Sharon Lee Warburton
Frank Oreste Romano
Sylvia Lennon (nee Meier)
Steven Mitchell Carulli
Andrew William McKenzie
Hayley Maree Cormann (appointed 16 June 2020)

All directors have been in office since the start of the financial year and to the date of this report unless otherwise stated.

COMPANY OBJECTS

The Company is established to act as a Registered Health Promotion Charity to promote the prevention or the control of diseases in children including, but not limited to, the following objects:

(a) Provide school children with information and education on health promotion and the prevention or control of diseases in children.

(b) Provide information on the prevention or the control of diseases in children to health care professionals, children suffering with a disease and their families, carers of children suffering with a disease and the general public.

(c) Promote and assist organisations and facilities which care for, treat and rehabilitate children suffering with a disease.

(d) Provide relief and assistance to children suffering from a disease, including the provision of relief and assistance to their families and carers.

(e) Promote, fund and assist organisations and individuals to undertake research or study aimed at detecting, diagnosing, preventing, treating or controlling diseases in children and, where practical to do so, to evaluate and disseminate such study or research.

(f) Promote community awareness of, and community participation in, issues and activities relating to the prevention or control of diseases in children.

(g) Promote and advertise the objects of the Company by preparing publications and advertising through various mediums as determined by the Company.

(h) Undertake any other things and activities as may be incidental or ancillary to the attainment of the objects.

SHORT TERM OBJECTIVES

The Company's short term objectives are to maintain its current levels of activity in the prevention or control of diseases in children.

LONG TERM OBJECTIVES

The Company's long term objectives are to expand its current levels of activity in the prevention or control of diseases in children.

In striving to meet these objectives the Company maintains its association with the Perth Children's Hospital and wider Child and Adolescent Health Service and endeavours to undertake its operations with a view to assisting the Perth Children's Hospital and the wider Child and Adolescent Health Service. The Company takes care to ensure that it does not fund or facilitate programs or items that should properly be funded by Government.

STRATEGIES

To achieve its stated objectives, the Company has adopted the following strategies:

- Provide children suffering from child and adolescent diseases and their families and/or carers, health care professionals, children and the general public with relevant information and education on health promotion and the prevention or control of diseases in children.
- To facilitate the prevention or control of diseases in children through:
    - broader collaborations in specialised research across Australia and key markets in the USA, Europe and Asia;
    - partnering with the Perth Children's Hospital and the wider Child and Adolescent Health Service to facilitate specifically designed health education programs that contribute to the prevention and control of diseases in children; and
    - providing or developing specialist, site specific equipment, aids and technology.
- Communication of the Company's objectives as a registered health promotion charity and its role in fundraising to facilitate activities which contribute to the prevention and control of diseases and sickness in children.
- Engagement with the Western Australian corporate community for support and engagement in fundraising and awareness of activities undertaken.
- Attracting and retaining quality staff to ensure the Company continues to operate profitably and effectively to achieve its objectives.

KEY PERFORMANCE MEASURES

The Company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the Company and whether the Company's short-term and long-term objectives are being achieved.

The Company's key performance measures are:

1. All requests for funding that meet the Company's obligations under its Constitution and status as a Health Promotion Charity and Deductible Gift Recipient 1 can be funded.
2. The ratio of fundraising expenses to fundraising income does not exceed more than 30% (on a rolling 5-year basis).
3. Overhead expenses are adequately covered by investment income such that all donated funds, net of direct fundraising costs, are available to the Perth Children's Hospital and the associated child and adolescent health services.

All of the above key performance indicators were met during the 2020 financial year.

INFORMATION ON DIRECTORS

Ian Gordon Campbell

Qualifications:	Graduate of the Australian Institute of Company Directors, Graduate Harvard Business School Building Effective Boards Program
Experience:	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since October 2008, Chairman since December 2009
Special Responsibilities:	Chairman of the Board

Ian Douglas Shepherd

Qualifications:	Associate Civil Engineering, Graduate Diploma Business, Advanced Management Program Harvard
Experience:	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since March 2000
Special Responsibilities:	Member of Budget Sub Committee

Russell Keith Garvey

Qualifications:	B Bus (Distinction), Chartered Accountant, Fellow CPA, Graduate of the Australian Institute of Company Directors, Chartered Tax Adviser, Fellow of The Tax Institute
Experience:	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since October 2008
Special Responsibilities:	Chairman of Investment Sub Committee, Member of Budget Sub Committee

Philip John Aylward

Qualifications:	B Bus (Curtin), Fellow Australian College of Health Service Management
Experience:	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since May 2009
Special Responsibilities:	Representative of the Minister for Health, Member of the Grants Sub Committee

Frank Oreste Romano

Qualifications:	No formal qualifications
Experience:	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since August 2006
Special Responsibilities:	Member of Investment Sub Committee, Member of Grants Sub Committee

Sharon Lee Warburton

Qualifications:	B Bus (Accounting & Business Law) (Curtin), Fellow Institute of Chartered Accountants Australia & New Zealand, Fellow of the Institute of Company Directors, Fellow Australian Institute of Building
Experience:	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since February 2014
Special Responsibilities:	Member of Grants Sub Committee

Sylvia Lennon (nee Meier)

Qualifications:	Bachelor of Applied Science (Psychology), Post Graduate Diploma of Organisational Psychology, Master of Business Administration, Graduate of the Australian Institute of Company Directors
Experience:	Director since October 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since March 2015
Special Responsibilities:	Member of Grants Sub Committee

Steven Mitchell Carulli

Qualifications:	Bachelor of Business, Certificate in Real Estate Management, Member of Australian Institute of Company Directors
Experience:	Director since October 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since June 2015
Special Responsibilities:	Member of Investment Sub Committee

Andrew William McKenzie

Qualifications:	Bachelor of Economics, Graduate Diploma of Applied Finance and Investment (FINSIA), Individual Member (MSAFAA) of SAFAA, former Fellow of the Australian Institute of Company Directors (FAICD)
Experience:	Director since July 2019
Special Responsibilities:	Member of Investment Sub Committee

Hayley Maree Cormann

Qualifications:	Bachelor of Laws, Bachelor of Commerce, Graduate of the Australian Institute of Company Directors, Fellow of the Australian Institute of Management
Experience:	Director since June 2020
Special Responsibilities:	Member of the Budget Sub Committee

MEETINGS OF DIRECTORS

During the financial year, seven meetings of the directors were held. Attendance by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Ian Gordon Campbell	7	5
Ian Douglas Shepherd	7	6
Russell Keith Garvey	7	7
Philip John Aylward	7	4
Sharon Lee Warburton	7	5
Frank Oreste Romano	7	5
Sylvia Lennon (nee Meier)	7	6
Steven Mitchell Carulli	7	6
Andrew William McKenzie	7	5
Hayley Maree Cormann	1	1

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $1.00 towards meeting any outstanding obligations of the Company.

At 30 June 2020, the total amount that members of the Company are liable to contribute if the company is wound up is $10 (2019: $8).

AUDITOR'S INDEPENDENCE

The lead auditor's independence declaration as required under sections 60-40(1)(a) and (b) of the Australian Charities and Not-for-profits Commission Act 2012 for the year ended 30 June 2020 has been received and can be found on page 10 of the financial report.

This report is made in accordance with a resolution of the Board of Directors.

IAN CAMPBELL
(CHAIRMAN)

Perth, Western Australia

Dated: 10 December 2020

DIRECTORS' DECLARATION

The directors acknowledge that they have responsibility for the reliability, accuracy and completeness of the accounting records of the Company and have disclosed all material and relevant information for the preparation of the financial report.

The directors declare that the financial statements and notes set out on pages 14 to 40 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:

a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

b) give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Regulation 2013.

IAN CAMPBELL
(CHAIRMAN)

Perth, Western Australia
Dated: 10 December 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Perth Childrens Hospital Foundation Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
10 December 2020

M R Ohm
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of Perth Childrens Hospital Foundation Limited.

Opinion

We have audited the financial report of Perth Childrens Hospital Foundation Limited ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
10 December 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	*2020* *$*	*2019* *$*
Revenue	2	10,810,204	9,349,712
Other income	3	1,337,429	1,583,980
Gain on contribution of assets	6	-	2,530,000
Net gain on disposal of property, plant & equipment		-	17,095
Net gain on disposal of financial assets at fair value through other comprehensive income		-	24,381
Grants to Perth Children's Hospital	4(a)	(8,482,559)	(6,517,423)
Depreciation and amortisation	4(b)	(71,017)	(72,739)
Employee benefits		(2,380,021)	(2,220,948)
Finance costs		(952)	(952)
Other administration expenses		(499,998)	(647,295)
Other fundraising expenses		(1,062,438)	(1,374,656)
Net surplus/(deficit) for the year		(349,352)	2,671,155
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net change in financial assets at fair value through other comprehensive income	17	(1,910,115)	298,571
Other comprehensive income for the year		(1,910,115)	298,571
Total comprehensive income for the year		(2,259,467)	2,969,726

The accompanying notes form part of the financial statements.

PERTH CHILDRENS HOSPITAL FOUNDATION LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	*2020* *$*	*2019* *$*
CURRENT ASSETS			
Cash and cash equivalents	7	3,076,091	6,160,660
Trade and other receivables	8	817,815	778,104
Inventories	9	57,115	70,678
Other current assets	10	7,008	15,101
Assets held for sale	13	1,000,000	-
TOTAL CURRENT ASSETS		4,958,029	7,024,543
NON-CURRENT ASSETS			
Trade and other receivables	8	326,907	388,443
Property, plant and equipment	11	79,676	150,452
Intangible assets	12	1,980	2,220
Financial assets	14	35,514,375	35,067,544
TOTAL NON-CURRENT ASSETS		35,922,938	35,608,659
TOTAL ASSETS		40,880,967	42,633,202
CURRENT LIABILITES			
Trade and other payables	15	1,831,056	1,309,810
Employee benefits	16	135,738	152,176
TOTAL CURRENT LIABILITIES		1,966,794	1,461,986
NON-CURRENT LIABILITIES			
Employee benefits	16	21,912	19,488
TOTAL NON-CURRENT LIABILITIES		21,912	19,488
TOTAL LIABILITIES		1,988,706	1,481,474
NET ASSETS		38,892,261	41,151,728
EQUITY			
Reserves	17	885,392	2,795,507
Retained surplus	18	38,006,869	38,356,221
TOTAL EQUITY		38,892,261	41,151,728

The accompanying notes form part of the financial statements.

PERTH CHILDRENS HOSPITAL FOUNDATION LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Fair value reserve $	Accumulated Surplus $	Total Equity $
Balance as at 1 July 2018	2,496,936	35,685,066	38,182,002
Net surplus/(deficit) for the year	-	2,671,155	2,671,155
Net change in fair value of available-for-sale financial assets	298,571	-	298,571
Total comprehensive income for the year	298,571	2,671,155	2,969,726
Balance at 30 June 2019	2,795,507	38,356,221	41,151,728
Balance as at 1 July 2019	2,795,507	38,356,221	41,151,728
Net surplus/(deficit) for the year	-	(349,352)	(349,352)
Net change in fair value of financial assets through other comprehensive income	(1,910,115)	-	(1,910,115)
Total comprehensive income for the year	(1,910,115)	(349,352)	(2,259,467)
Balance at 30 June 2020	885,392	38,006,869	38,892,261

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	*2020* *$*	*2019* *$*
Cash Flows from Operating Activities			
Cash receipts from fundraising activities		10,690,650	9,370,310
Cash payments to suppliers and employees		(4,505,608)	(3,869,084)
Interest received		51,419	66,875
Dividend and distributions received		1,327,916	1,488,296
Rental income received		83,571	110,696
Interest paid		(952)	(952)
Grants paid to Perth Children's Hospital		(8,482,559)	(6,517,423)
Cash flow boost grant		50,000	-
Transfer from Princess Margaret Hospital for Children Foundation		-	2,530,000
Net cash inflows from operating activities	23	(785,563)	3,178,718
Cash Flows from Investing Activities			
Proceeds from sale of investments		4,698,054	998,293
Proceeds from sale of property, plant and equipment		-	28,182
Acquisition of property, plant and equipment		-	(77,898)
Acquisition of intangible assets		-	(2,400)
Payment for purchase of investments		(7,055,000)	(1,050,000)
Proceeds under finance lease		57,940	76,623
Net cash outflows from investing activities		(2,299,006)	(27,200)
Net (decrease) / increase in cash held		(3,084,569)	3,151,518
Cash at the beginning of the year		6,160,660	3,009,142
Cash at the end of the year	7	3,076,091	6,160,660

The accompanying notes form part of the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Perth Childrens Hospital Foundation Limited (the "Company") is domiciled in Australia. The financial statements were authorised for issue on 10 December 2020 by the directors.

(b) Basis of Preparation

The Company applies Australian Accounting Standards – Reduced Disclosure Requirements set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(c) New and Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from contracts with customers

The Company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that a Company shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and Amended Accounting Standards and Interpretations Adopted (Continued)

AASB 15 Revenue from contracts with customers (continued)

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in a Company’s statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company’s performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of not-for-profit entities

The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the Company to further its objectives. For transfers of financial assets to the Company which enable it to acquire or construct a recognisable non-financial asset, the Company must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Company satisfies its performance obligation. If the transaction does not enable the Company to acquire or construct a recognisable non-financial asset to be controlled by the Company, then any excess of the initial

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New and Amended Accounting Standards and Interpretations Adopted (Continued)

AASB 1058 Income of not-for-profit entities (continued)

carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained earnings as at 1 July 2019.

(d) Revenue recognition

The Company recognises revenue as follows:

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time the pledge is made.

Wills and bequests

Wills and bequest are recognised when received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend revenue is recognised when the right to receive a dividend has been established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(e) Income Tax

The Company is deemed a non-profit organisation for income tax purposes and is exempt from the payment of income tax by virtue of section 50-5 of the Income Tax Assessment Act 1997.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Current and Non-Current Classification

Assets are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in the statement of comprehensive income.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

Financial liabilities (continued)

That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, the equity instruments held by the Company were deemed not to be held for trading and not contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies. The Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Derecognition (continued)

Derecognition of financial liabilities (continued)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equities which the Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to accumulated surplus within equity.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment (continued)

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its actual cash flow obligations in the near term; and

Low credit risk operational simplification approach (continued)

- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment (continued)

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment: 2-7 years

Motor vehicles: 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(l) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(m) Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Grants to Hospital

The Company provides assistance to Perth Children's Hospital in the form of grants. Grants are provided for the purposes of paediatric medical research and development, capital works and the purchase of medical equipment.

Grants are recognised as an expense when the Company is invoiced for payment. Commitments for grants are recognised when the Grants Sub-committee recommendations are ratified by the Board. Grant commitments are disclosed in Note 22.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Critical Accounting Estimates and Judgments

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Critical Accounting Estimates and Judgments (continued)

Estimation of useful lives of assets (continued)

useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1(o), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(u) Non-current Asset Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

		2020 *$*	*2019* *$*
2.	**REVENUE**		
	Revenue from contracts with customers		
	Other fundraising revenue and merchandise sales	842,289	941,824
	Corporate relationship events	887,870	1,099,214
		1,730,159	2,041,038
	Other revenue		
	Donations	5,493,352	5,866,079
	Wills and bequests	3,586,693	1,442,595
		9,080,045	7,308,674
	Revenue	10,810,204	9,349,712

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2020	2019
Geographical regions		
Australia	1,730,159	-

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

		2020	2019
3.	**OTHER INCOME**		
	Interest received	51,418	66,875
	Rental income	83,571	110,696
	Other income - administration	50,000	-
	Distribution income on financial assets at fair value through other comprehensive income	1,152,440	1,406,409
		1,337,429	1,583,980
4.	**EXPENSES FOR THE YEAR**		
	(a) Grants to Perth Childrens Hospital	8,482,559	6,517,423

These payments are for capital works, purchase of medical equipment, education and training, family assistance, scholarships and research projects within Australia.

Included in the grants paid of $8,482,559 are direct payments made to Child and Adolescent Health Services (“CAHS”) of $3,873,622 and equipment purchases of $945,527. This differs to amounts recognised in the CAHS financial report of $3,865,870 and $1,243,681 respectively. The difference in relation to direct payments of $7,752 is predominantly caused by timing differences relating to invoices. The difference of

	2020	*2019*
	$	*$*

4. EXPENSES FOR THE YEAR (CONTINUED)

$298,154 in relation to equipment purchases relates to timing differences of equipment donated by Perth Childrens Hospital Foundation Limited in 2019 and capitalised by CAHS in 2020.

(b) Other expenses

	2020	2019
Depreciation and amortisation	71,017	72,739

5. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

	2020	2019
Key management personnel compensation	676,327	693,386

Other KMP transactions

For details of other transactions with KMP refer to Note 24.

6. TRANSFER OF ASSETS FROM PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION

During the financial year ending 30 June 2017, the Princess Margaret Hospital for Children Foundation (Inc.) ("PMH Inc.") in its capacity as trustee for the Princess Margaret Hospital for Children Foundation ("PMHFT") and Perth Childrens Hospital Foundation Limited ("PCHFL") entered into a Transfer of Assets Deed ("Deed"). In the comparative period, the following assets of PMHFT were transferred to PCHFL:

At fair value

	2020	2019
Charity account	-	2,530,000
	-	2,530,000

The above assets were contributed to PCHFL by way of the Deed to allow the previous operations of PMHFT to proceed within a new entity prospectively. The transfer was agreed between the relevant parties in the Deed as being for no consideration in order to effect the transfer. The value of the assets contributed is reflected by PMHFT as a loss on contribution of assets. The transfer is reflected in the financial statements of PCHFL as an equal gain on contribution of assets at fair value under AASB 1004 *Contributions*.

		2020 *$*	*2019* *$*
7.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	386	386
	Cash at bank	3,075,705	3,910,274
	Short term cash deposit	-	2,250,000
		3,076,091	6,160,660

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term cash deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short term deposit rates.

8.	**TRADE AND OTHER RECEIVABLES**		
	Current		
	GST receivable	153,697	61,659
	Trade receivables	2,488	72,793
	Other debtors	588,763	574,381
	Lease fit-out receivable	72,867	69,271
		817,815	778,104
	Non-Current		
	Lease fit-out receivable	326,907	388,443

The comparative balance for lease fit-out receivable has been reclassified from plant and equipment in the prior year.

No receivables are considered past due or impaired at 30 June 2020.

9.	**INVENTORIES**		
	Inventories – merchandise at cost	57,115	70,678
10.	**OTHER CURRENT ASSETS**		
	Prepayments	7,008	15,101

	2020 *$*	*2019* *$*

11. PLANT AND EQUIPMENT

Plant and equipment		
At cost	441,942	441,942
Accumulated depreciation	(362,266)	(294,025)
	79,676	147,917

Plant and equipment - leased to external parties pursuant to lease agreement.

The comparative balance has been reclassified from plant and equipment to lease receivable.

Motor vehicles		
At cost	38,451	38,451
Accumulated depreciation	(38,451)	(35,916)
	-	2,535
	79,676	150,452

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2019	147,917	2,535	150,452
Depreciation expense	(68,241)	(2,535)	(70,776)
Balance at 30 June 2020	79,676	-	79,676

12. INTANGIBLE ASSETS

Stitches		
Trademarks - at cost	3,100	3,100
Less: accumulated amortisation	(1,120)	(880)
	1,980	2,220

	2020 $	2019 $

12. INTANGIBLE ASSETS (CONTINUED)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Stitches $	Total $
Balance at 1 July 2019	2,220	2,220
Additions	-	-
Amortisation expense	(240)	(240)
Balance at 30 June 2020	1,980	1,980

13. ASSETS HELD FOR SALE

	2020 $	2019 $
At fair value		
Land	1,000,000	-

A piece of land situated at 33 Farmsteed Way, Mernda VIC which was donated to the Company is currently under contract and is expected to be completed within the next financial period.

14. FINANCIAL ASSETS

	2020 $	2019 $
Financial assets at fair value through other comprehensive income	35,514,375	35,067,544
	35,514,375	35,067,544
Financial assets comprise		
Fixed interest securities	15,905,757	16,256,225
Managed funds	19,608,618	18,811,319
	35,514,375	35,067,544

15. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Trade payables	1,401,530	982,155
Other creditors	393,491	303,766
PAYG withholding	36,035	23,889
	1,831,056	1,309,810

		2020 $	2019 $
15.	**TRADE AND OTHER PAYABLES (CONTINUED)**		
	Trade payables are non-interest bearing and normally settled on 30 day terms.		
16.	**EMPLOYEE BENEFITS**		
	Current		
	Annual leave	108,358	91,172
	Long service leave	42,455	61,004
	Salary sacrifice	(15,075)	-
		135,738	152,176
	Non-Current		
	Long service leave	21,912	19,488
		21,912	19,488
17.	**RESERVES**		
	Fair value reserve at the beginning of the financial year	2,795,507	2,496,936
	Revaluation gains/(losses) on financial assets at fair value through other comprehensive income	(1,910,115)	298,571
	Fair value reserve at the end of the financial year	885,392	2,795,507

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income until the investment is derecognised or impaired.

18. RETAINED SURPLUS

	2020 $	2019 $
Retained surplus at the beginning of the financial year	38,356,221	35,685,066
Surplus/(deficit) for the year	(349,352)	2,671,155
Retained surplus at the end of the financial year	38,006,869	38,356,221

19. FINANCIAL INSTRUMENTS

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, financial assets at fair value through other comprehensive income and accounts receivable and payable.

		2020	*2019*
		$	*$*

19. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts for each category of financial instrument, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets			
Cash and cash equivalents	7	3,076,091	6,160,660
Trade and other receivables	8	744,948	708,833
Fixed interest securities	14	15,905,757	16,256,225
Managed funds	14	19,608,618	18,811,319
		39,335,414	41,937,037
Financial liabilities			
Trade and other payables	15	1,831,056	1,309,810
		1,831,056	1,309,810

Refer to Note 20 for disclosures regarding the fair value measurement of the Company's financial assets.

20. FAIR VALUE MEASUREMENTS

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Recurring fair value measurements		
Listed investments, at fair value:		
Fixed interest securities	15,905,757	16,256,225
Managed funds	19,608,618	18,811,319
Total financial assets recognised at fair value	35,514,375	35,067,544

For investments in listed shares and managed funds, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

21. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

	2020 $	2019 $

22. CAPITAL AND OTHER COMMITMENTS

At 30 June 2020, the Company has forward commitments as follows:

Capital expenditure commitments

	2020 $	2019 $
Research and other grants:		
Within one year	9,085,992	4,426,180
After one year and not more than five years	14,243,952	16,168,136
After five years	-	749,441
	23,329,944	21,343,757

Operating lease commitments

The Company entered into a lease agreement with the Health Ministerial Body over designated areas within the Perth Children's Hospital for a period of 10 years for a nominal value.

The lease agreement allows for the subletting of a specified area relating to a café fit-out. The Company has entered into a sublease for a period of seven year with an option to renew for a further 3 years. Rent is receivable monthly in advance.

Included in the sublease is a provision for the recoupment of fit-out costs incurred as disclosed in Note 11. Repayments are monthly in advance over the period of the lease agreement and include interest at 5% per annum.

	2020 $	2019 $
Rent receivable:		
Within one year	102,086	100,577
After one year and not more than five years	414,859	417,624
After five years	-	99,321
	516,945	617,522
Fit-out receivable:		
Within one year	90,636	90,636
After one year and not more than five years	347,438	362,544
After five years	-	75,530
	438,074	528,710
	955,019	1,146,232

23. RECONCILIATION OF CASH FLOWS FROM OPERATIONS

	2020 $	*2019* $
Surplus / (deficit) for the year	(349,352)	2,671,155
Non-cash flows in result		
Depreciation of property, plant & equipment	70,777	72,319
Amortisation of intangibles	240	420
(Gain) on disposal of property, plant & equipment	-	(17,095)
(Gain) on disposal of investments	-	(24,381)
Changes in assets and liabilities		
(Increase)/decrease in current receivables	55,922	70,240
(Increase)/decrease in current inventories	13,563	(2,358)
Increase/(decrease) in other current assets	(991,907)	19,030
Increase/(decrease) in current payables	521,247	423,861
Increase/(decrease) in provision	(14,014)	(66,718)
Increase/(decrease) in GST payable	(92,038)	32,245
Cash flows from operations	(785,562)	3,178,718

24. RELATED PARTIES

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

Ian Gordon Campbell (Chairman)

Ian Douglas Shepherd

Russell Keith Garvey

Philip John Aylward

Sharon Lee Warburton

Frank Oreste Romano

Sylvia Lennon (nee Meier)

Steven Mitchell Carulli

Andrew William McKenzie

Hayley Maree Cormann (appointed 16 June 2020)

	2020	2019
	$	$

24. RELATED PARTIES (CONTINUED)

Executives

Carrick Robinson – Chief Executive Officer

Mark Pugsley – Head of Finance

Heiko Plange – Head of Fundraising

Caroline Webb – Head of Marketing and Communications (appointed 15 July 2019)

Transactions with key management personnel

No director has entered into a material contract with the Company since the end of the previous year and there were no material contracts involving directors' existing at year end.

The directors receive no compensation in relation to the management of the Company. Executives have entered into employment contracts with the Company on normal commercial terms and conditions.

25. SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the incorporated association

26. COMPANY DETAILS

The principal place of business is:

Level 4

15 Hospital Avenue

NEDLANDS WA 6009