



PRINCESS MARGARET HOSPITAL
foundation

GENERAL PURPOSE
Financial Report
FOR THE YEAR ENDED 30 JUNE, 2014

**PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION
A.B.N. 83 652 510 424
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014**

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

C O N T E N T S

	PAGE
Directors' Declaration	3
Auditor's Independence Declaration	4
Independent Auditor's Report	5
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

DIRECTORS' DECLARATION

The Board of Directors of the Princess Margaret Hospital for Children Foundation (Inc.) in its capacity as the trustee for Princess Margaret Hospital for Children Foundation ("the Foundation") acknowledges 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.

In the Director's opinion:

- (a) the financial statements and notes as set out on pages 7 to 26 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
 - (ii) giving a true and fair view of the Foundation's financial position as at 30 June 2014 and of its performance for the year ended on that date.

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

Signed in accordance with a resolution of the directors:



MR I CAMPBELL
DIRECTOR

Perth, Western Australia

Dated: 23 / 9 / 2014.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor of the financial report of Princess Margaret Hospital for Children Foundation for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
23 September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Princess Margaret Hospital for Children Foundation

We have audited the accompanying financial report of Princess Margaret Hospital for Children Foundation, ("the Foundation"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other 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, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial report 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Auditor's Opinion

Fundraising revenue is a significant source of revenue for the Foundation. The Foundation has determined that it is impracticable to establish control over the collection of fundraising revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising revenue the Foundation obtained is complete.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of fundraising revenue:

- (a) the financial report of Princess Margaret Hospital for Children Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) presenting fairly the Foundation's financial position as at 30 June 2014 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*;
- (b) we have been given all information, explanations and assistance necessary for the conduct of the audit;
- (c) the Foundation has kept financial records sufficient to enable a financial report to be prepared and audited; and
- (d) the Foundation has kept other records as required by Part 3.2 of the Act.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R W Ohm
Partner

Perth, Western Australia
23 September 2014

PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION
A.B.N. 83 652 510 424

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	<i>Note</i>	2014 \$	2013 \$
Revenue	2	12,567,365	8,305,028
Other income	3	1,986,777	1,959,887
Net profit on disposal of available-for-sale financial assets		954,520	122,585
Grants to Princess Margaret Hospital	4	(6,691,771)	(4,619,966)
Employee benefits		(1,950,042)	(1,942,175)
Depreciation and amortisation		(67,621)	(64,915)
Finance costs		(2,000)	(2,428)
Change in fair value of investment property		(45,000)	270,000
Impairment of available-for-sale financial assets		(595,669)	-
Other administration expenses		(761,924)	(739,368)
Other fundraising expenses		(1,656,149)	(1,609,561)
Surplus for the year	4	3,738,486	1,679,087
Other comprehensive income			
<i>Items that will be reclassified to profit or loss when specific conditions are met:</i>			
Net change in fair value of available-for-sale financial assets	15	1,915,255	2,650,463
Other comprehensive income for the year		1,915,255	2,650,463
Total comprehensive income for the year		5,653,741	4,329,550
Total comprehensive income attributable to members of the entity		5,653,741	4,329,550

The accompanying notes form part of the financial statements.

PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION
A.B.N. 83 652 510 424

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	<i>Note</i>	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	6	8,169,562	7,485,094
Trade and other receivables	7	636,438	425,198
Inventories	8	113,951	148,467
Other current assets	9	33,657	31,426
TOTAL CURRENT ASSETS		<u>8,953,608</u>	<u>8,090,185</u>
NON-CURRENT ASSETS			
Plant and equipment	10	175,535	155,888
Intangible assets	11	1,222	1,489
Investment property	12	3,675,000	3,720,000
Financial assets	13	25,276,292	20,254,403
TOTAL NON-CURRENT ASSETS		<u>29,128,049</u>	<u>24,131,780</u>
TOTAL ASSETS		<u>38,081,657</u>	<u>32,221,965</u>
CURRENT LIABILITIES			
Trade and other payables	14	871,920	665,969
TOTAL CURRENT LIABILITIES		<u>871,920</u>	<u>665,969</u>
TOTAL LIABILITIES		<u>871,920</u>	<u>665,969</u>
NET ASSETS		<u>37,209,737</u>	<u>31,555,996</u>
EQUITY			
Settled sum		10	10
Fair value reserve	15	4,098,196	2,182,941
Accumulated surplus	15	33,111,531	29,373,045
TOTAL EQUITY		<u>37,209,737</u>	<u>31,555,996</u>

The accompanying notes form part of the financial statements.

PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION
A.B.N. 83 652 510 424

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Settled sum \$	Fair value reserve \$	Accumulated Surplus \$	Total Equity \$
Balance as at 1 July 2012	10	(467,522)	27,693,958	27,226,446
<i>Comprehensive income</i>				
Net surplus for the year	-	-	1,679,087	1,679,087
Net change in fair value of available-for-sale financial assets	-	2,650,463	-	2,650,463
Total comprehensive income attributable to members of the entity for the year	-	2,650,463	1,679,087	4,329,550
Balance at 30 June 2013	10	2,182,941	29,373,045	31,555,996
Balance as at 1 July 2013	10	2,182,941	29,373,045	31,555,996
<i>Comprehensive Income</i>				
Net surplus for the year	-	-	3,738,486	3,738,486
Net change in fair value of available-for-sale financial assets	-	1,915,255	-	1,915,255
Total comprehensive income attributable to members of the entity for the year	-	1,915,255	3,738,486	5,653,741
Balance at 30 June 2014	10	4,098,196	33,111,531	37,209,737

The accompanying notes form part of the financial statements.

PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION
A.B.N. 83 652 510 424

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	<i>Note</i>	2014 \$	2013 \$
<i>Cash Flows from Operating Activities</i>			
Cash receipts from fundraising activities		12,406,817	9,040,337
Cash payments to suppliers and employees		(4,873,982)	(4,945,864)
Interest received		538,992	441,507
Dividend and distributions received		1,447,785	1,063,999
Interest paid		(2,000)	(2,428)
Grants paid to Princess Margaret Hospital		(6,691,771)	(4,619,966)
GST received		691,015	440,841
Net cash provided by operating activities		3,516,856	1,418,426
<i>Cash Flows from Investing Activities</i>			
Proceeds from sale of investments		4,780,018	4,711,946
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment	10	(89,418)	(42,379)
Acquisition of other investments		(7,527,801)	(5,651,132)
Net cash used in investing activities		(2,837,201)	(981,565)
<i>Cash Flows from Financing Activities</i>			
Related party advances - PMHF Inc.		4,813	155,237
Net cash provided by financing activities		4,813	155,237
Net increase in cash held		684,468	592,098
Cash and cash equivalents at the beginning of the year		7,485,094	6,892,996
Cash and cash equivalents at the end of the year	6	8,169,562	7,485,094

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Princess Margaret Hospital for Children Foundation (the "Foundation") is domiciled in Australia. The financial statements were authorised for issue on 23 September 2014 by the directors.

(b) Basis of Preparation

The Foundation applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

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). The Foundation 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 the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals 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) Investment Property

Investment property is held to generate long-term rental yields or for capital appreciation, or for both. Investment property is carried at fair value, determined periodically by independent valuers. Changes to fair value are recorded in the statement of comprehensive income as changes in fair value of investment property.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Foundation 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 profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an item of income or expense in statement of profit or loss and other comprehensive income.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

Classification and subsequent measurement (Continued)

(ii) *Available-for-sale financial assets (Continued)*

They are subsequently measured at fair value with any remeasurement other than impairment losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified to profit or loss.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair value

Fair value is determined based on current bid price for all quoted investments. Units in unlisted managed unit funds are valued at the redemption price at reporting date as advised by the investment managers and are based on the net market value of the underlying investment.

Impairment

At the end of each reporting period, the Foundation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the market value of the instrument is considered to determine whether an impairment has arisen. For this purpose, the Foundation has determined that where an investment has declined in excess of 20% from cost, or remained below cost for a period exceeding 12 months, the investment shall be considered impaired. Impairment losses shall be recognised by transferring all valuation decrements recognised in equity relating to a particular investment to the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets

At the end of each reporting period, the Foundation 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 Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Provisions

Provisions are recognised when the Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(h) 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.

(i) Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Plant and Equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Any assets which are contributed to the Foundation will be recognised at fair value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment - 7.5% to 40%

Motor Vehicles - 20% to 27.5%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in the statement of profit or loss and other comprehensive income in the period in which they occur.

(j) 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.

(k) Trade and Other Receivables

Trade and other receivables include amounts owed to the Foundation as well as accrued income. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue and Other Income

Merchandise sales

Revenue from the sale of merchandise is measured at the fair value of the consideration received or receivable net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Donations

Donations are the principle source of revenue for the Foundation and are recognised as they are received. Revenue is received from appeals, donations, fundraising events and bequests and these are brought to account on a cash received basis.

Other revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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 ATO is included with other receivable or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Income tax

The Foundation 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.

(q) Grants to hospital

The Foundation provides assistance to Princess Margaret Hospital in the form of grants and services. 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 Foundation 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 18.

(r) Critical Accounting Estimates and Judgments

The trustee evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Foundation.

(i) Investment Property

The Foundation carries its investments at fair value with changes in the fair value recognised in the statement of profit or loss and other comprehensive income. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations.

Based upon the most recent independent valuation on the Foundation's investment properties, a decrease in fair value of \$45,000 has been recorded in the statement of profit or loss and other comprehensive income.

(ii) Available-for-sale financial assets

The trust maintains a portfolio of securities with a carrying value of \$25,276,292 at the end of the reporting period (2013: \$20,254,403). The directors follow the requirements in AASB 139 Financial Instruments: Recognition and Measurement, to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, management evaluates, among other factors, the duration and extent to which the fair value of the investment is less than its cost and the financial health and short term business outlook for the investee including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Adoption of New and Revised Accounting Standards

Fair value measurement

During the year, the Foundation adopted AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards. As a result, the Foundation has early adopted AASB 2012-1: Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements because the Foundation's financial statements are prepared under Australian Accounting Standards - Reduced Disclosure Requirements. The Foundation has applied AASB 13 and the relevant consequential amendments arising from the related Amending Standards from 1 July 2013.

No material adjustments to the carrying amounts of any of the Foundation's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the Foundation's financial statements. These enhanced disclosures are provided in Note 17.

The disclosure requirements in AASB 13 need not be applied by the Foundation in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 July 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the Foundation has provided this previously provided information as comparatives in the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
2. REVENUE		
Donations	6,649,554	6,415,384
Wills and bequests	5,019,309	898,353
Other fundraising revenue and merchandise sales	869,302	942,803
Grant income	29,200	48,488
	<u>12,567,365</u>	<u>8,305,028</u>
3. OTHER INCOME		
Interest income	538,992	441,507
Rental income	-	11,104
Distribution income on available-for-sale investments	1,447,785	1,067,023
Other income	-	440,253
	<u>1,986,777</u>	<u>1,959,887</u>
4. SURPLUS FOR THE YEAR		
<i>(a) Grants to Princess Margaret Hospital</i>	6,691,771	4,619,966
These payments are for capital works, purchase of medical equipment, scholarships, education and training and research projects within Australia.		
<i>(b) Other expenses</i>		
Depreciation of plant and equipment	67,354	64,468
Net loss on sale of plant and equipment	2,417	-
Impairment of available-for-sale financial assets	595,669	-
5. KEY MANAGEMENT PERSONNEL COMPENSATION		
The totals of remuneration paid to key management personnel (KMP) of the Foundation during the year are as follows:		
Key management personnel compensation	<u>511,956</u>	<u>534,293</u>
Other KMP transactions		
For details of other transactions with KMP, refer to Note 19		
6. CASH AND CASH EQUIVALENTS		
Cash on hand	200	6,040
Cash at bank	1,769,362	1,574,054
Short term investments - bank deposits	6,400,000	5,905,000
	<u>8,169,562</u>	<u>7,485,094</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
6. CASH AND CASH EQUIVALENTS (CONTINUED)		
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	8,169,562	7,485,094
7. TRADE AND OTHER RECEIVABLES		
GST receivable	61,240	50,907
Trade receivables	9,677	6,551
Other debtors	565,521	367,740
	<u>636,438</u>	<u>425,198</u>
No receivables are considered past due or impaired at 30 June 2014.		
<i>Financial assets classified as receivables</i>		
Trade receivables and other debtors:		
- Total current	<u>636,438</u>	<u>425,198</u>
8. INVENTORIES		
Inventories – merchandise at cost	<u>113,951</u>	<u>148,467</u>
9. OTHER CURRENT ASSETS		
Prepayments	<u>33,657</u>	<u>31,426</u>
10. PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	488,360	449,109
Accumulated depreciation	(342,353)	(310,070)
	<u>146,007</u>	<u>139,039</u>
Motor vehicles:		
At cost	129,327	105,422
Accumulated depreciation	(99,799)	(88,573)
	<u>29,528</u>	<u>16,849</u>
Total plant and equipment	<u>175,535</u>	<u>155,888</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
10. PLANT AND EQUIPMENT (CONTINUED)		
Movements in carrying amounts		
Movement in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:		
	Plant and equipment	Motor vehicles
	\$	\$
Balance at 1 July 2013	139,039	16,849
Additions	65,513	23,905
Disposals	(2,417)	-
Depreciation expense	(56,128)	(11,226)
Balance at 30 June 2014	<u>146,007</u>	<u>29,528</u>
		Total
		\$
		155,888
		89,418
		(2,417)
		(67,354)
		<u>175,535</u>
11. INTANGIBLE ASSETS		
Stitches:		
Trademarks - at cost		19,155
Less: accumulated amortisation		(17,933)
		<u>1,222</u>
		<u>1,489</u>
Movements in carrying amounts		
Movement in carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:		
	Stitches	Total
	\$	\$
Balance at 1 July 2013	1,489	1,489
Additions	-	-
Disposals	-	-
Amortisation expense	(267)	(267)
Balance at 30 June 2014	<u>1,222</u>	<u>1,222</u>
12. INVESTMENT PROPERTY		
Balance at beginning of the financial year	3,720,000	3,450,000
Add/(less): change in fair value	(45,000)	270,000
Balance at end of the financial year	<u>3,675,000</u>	<u>3,720,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

12. INVESTMENT PROPERTY (CONTINUED)

The Foundation obtains independent valuations for its investment properties periodically. This is carried out annually where this is an indication the fair value may be materially different to the last valuation obtained. The last valuation was obtained at 30 June 2014 and determined by licenced valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued as follows:

- Lot 33 York Street, Subiaco – the fair value was \$1,750,000. The fair value was determined having regard to recent market transactions for similar properties in the same location as the Foundation’s investment property
- Lot 17 Hamilton Street, Subiaco – the fair value was \$1,925,000. The fair value was determined having regard to its zoning ‘Reserve Hospital’ and hence its added value attributable to the overall hospital site.

The Directors of the Foundation have considered the fair values of the investment properties in light of the current prices in an active market for similar investment properties and other information from a variety of market based sources.

	2014	2013
	\$	\$
13. FINANCIAL ASSETS		
Available-for-sale financial assets - at fair value	<u>25,276,292</u>	<u>20,254,403</u>
Available-for-sale financial assets comprise:		
Listed investments, at fair value:		
- Shares in listed corporation	19,418,051	15,204,164
- Fixed interest securities	3,798,085	3,058,709
- Managed funds	2,060,156	1,991,530
Total available-for-sale financial assets	<u>25,276,292</u>	<u>20,254,403</u>
14. TRADE AND OTHER PAYABLES		
Accounts payable and other creditors (i)	755,975	554,837
Loan from PMHF Inc. – related party	115,945	111,132
	<u>871,920</u>	<u>665,969</u>
(i) Trade payables are non-interest bearing and normally settled on 30 day terms.		
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Trade payables and other creditors:		
- Total current	<u>871,920</u>	<u>665,969</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	<i>Note</i>	2014 \$	2013 \$
15. ACCUMULATED SURPLUS AND RESERVES			
Accumulated Surplus			
The accumulated surplus as at 30 June 2014 represents revenue from donations, appeals, fundraising events and bequests after expenses, which is available for future distribution in the form of grants to the Hospital for the purposes of paediatric medical research, capital works, purchase of medical equipment, scholarships, education and training and research projects within Australia.			
Movements in the accumulated surplus and reserves are disclosed within the statement of changes in equity.			
Fair value reserve			
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.			
Analysis of items of other comprehensive income			
Revaluation gains/(losses) on available-for-sale financial assets		1,915,255	2,650,463
Movement in financial assets reserve		1,915,255	2,650,463
		<u>1,915,255</u>	<u>2,650,463</u>
16. FINANCIAL RISK MANAGEMENT			
The Foundation's financial instruments consist mainly of deposits with banks, local money market instruments, available-for-sale financial assets and accounts receivable and payable.			
The carrying amounts for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:			
Financial assets			
Cash and cash equivalents	6	8,169,562	7,485,094
Trade and other receivables	7	636,438	425,198
Available-for-sale listed equity securities	13	25,276,292	20,254,403
Total financial assets		<u>34,082,292</u>	<u>28,164,695</u>
Financial liabilities			
Trade and other payables	14	871,920	665,969
Total financial liabilities		<u>871,920</u>	<u>665,969</u>
Refer to Note 17 for detailed disclosures regarding the fair value measurement of the Foundation's financial assets.			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	<i>Note</i>	2014	2013
		\$	\$
17. FAIR VALUE MEASUREMENTS			
<p>The Foundation 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 Foundation 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.</p>			
<p>Recurring fair value measurements</p>			
<p>Available-for sale financial assets</p>			
<p>Listed investments, at fair value:</p>			
- Shares in listed corporation		19,418,051	15,204,164
- Fixed interest securities		3,798,085	3,058,709
- Managed funds		2,060,156	1,991,530
Total financial assets recognised at fair value		<u>25,276,292</u>	<u>20,254,403</u>
<p>For investment 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.</p>			
18. CAPITAL AND OTHER COMMITMENTS			
<p>At 30 June 2014, the Foundation has forward commitments as follows:</p>			
<p>Capital expenditure commitments</p>			
<p><i>Research and other grants</i></p>			
- Within one year		10,511,818	8,064,341
- After one year and not more than five years		2,548,805	3,180,565
- Longer than five years		-	-
		<u>13,060,623</u>	<u>11,244,906</u>
<p>These commitments are for capital works, purchase of medical equipment, scholarships, education and training and research projects within Australia. Payments of these grants are conditional upon approval from the Board of Subscribers, compliance with grant conditions and availability of funds.</p>			
<p>Lease commitments</p>			
- Within one year		125,904	198,795
- After one year and not more than five years		-	117,627
- Longer than five years		-	-
		<u>125,904</u>	<u>316,422</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. RELATED PARTIES

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

Directors

Mr I Campbell (Chairman)
Mr I D Shepherd
Ms K Yates
Mrs M Brockwell (Deceased 11 September 2013)
Mr F Romano
Ms A Bourke
Mr R Garvey
Mr P Aylward
Ms S Warburton (Appointed 26 February 2014)
Mr C Edwardes (Appointed 26 February 2014)

Executives

Denys Pearce - CEO
Clive Boyle - Head of Finance and Administration
Ian de Nazareth - Head of Fundraising
Janmarie Michie - Head of Marketing and Communications

Transactions with key management personnel

Apart from details disclosed in this note, no director has entered into a material contract with the Foundation since the end of the previous year and there were no material contracts involving directors' interests existing at year end.

As at 30 June 2014, the Foundation has a payable of \$115,945 (2013: \$111,132) from a related party PMHF Inc.

A contract was entered into in the 2012 financial year with BDO (WA) Pty Ltd, of which Mr R Garvey is a Director, for the completion of fringe benefit tax returns and taxation consulting advice. During the year, services provided also included risk management advice. The provision of these services amounted to \$9,485 (2013: \$4,842) in the 2014 financial year.

The directors receive no compensation in relation to the management of the Foundation.

20. SUBSEQUENT EVENTS

No events subsequent to balance date which would have a material effect on the Foundation's financial statements at 30 June 2014 were known at the time of the issue of these financial statement.

21. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

22. FOUNDATION DETAILS

The principal place of business is:

Level 1
68 Hay Street
SUBIACO WA 6008