

PERTH CHILDRENS HOSPITAL FOUNDATION LIMITED
A.B.N. 18 604 862 071
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

GENERAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2017

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DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2017.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Ian Gordon Campbell
Ian Douglas Shepherd
Russell Keith Garvey
Philip John Aylward
Colin Geoffrey Edwardes
Sharon Lee Warburton
Frank Oreste Romano
Sylvia Lennon
Steven Mitchell Carulli
Kelly Yates (Resigned on 25 October 2016)

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

PRINCIPAL ACTIVITIES

The Company was established for the purpose of taking over the assets and operational activities of the Princess Margaret Hospital Foundation. This transition occurred in July 2016 and since that date company's principal activity is as the main fundraising body for the Princess Margaret Hospital and the soon to open Perth Children's Hospital.

SHORT-TERM AND LONG-TERM OBJECTIVES

The company's short-term objectives are to stimulate community support for the Hospital and the broader Child and Adolescent Health Service in WA and as a result:

- Raise funds to invest in equipment;
- Raise funds to invest in research; and
- Raise funds to invest on the employment and training of specialised staff working at the Perth Children's Hospital.

The company's long-term objectives are to:

- To enable the Perth Children's Hospital to build an international reputation of excellence in the prevention, treatment and cure of disease; and
- To support the work of the broader Child and Adolescent Health Service undertake preventative health education, early intervention, and deliver crisis support services that keep children from needing to be admitted to hospital as a consequence of physical and mental disease.

DIRECTORS' REPORT (cont'd)

STRATEGIES

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

- Communication of the company's role as the primary fundraiser for the Princess Margaret Hospital Foundation to the Western Australian community;
- Engagement with the Western Australian corporate community for support and engagement in fundraising and awareness activities undertaken; and
- Attracting and retaining quality staff to ensure company continues to operate profitably and provide ongoing support and funding to the Perth Children's Hospital and therefore achieving its short term and long term 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 Promotions 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 rolling basis).
3. Overhead expenses are adequately covered by investment income such that all donated funds, net of direct fundraising costs, are available to the Hospital and the associated child and adolescent health services.
4. Future commitments net of those covered by a donor pledge do not exceed two times the company's annual fundraising income (on a 5-year rolling basis).

All of the above key performance indicators were met during the 2016/17 financial year.

INFORMATION ON DIRECTORS

Ian Gordon Campbell	-	Director
Qualifications	-	Graduate of the Australian Institute of Company Directors
Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since October 2008, Chairman since Dec 2012
Special Responsibilities	-	Chairman of the Board
Ian Douglas Shepherd	-	Director
Qualifications	-	Associate Civil Engineering, Graduate Diploma Business, Advanced Management Program Harvard

DIRECTORS' REPORT (cont'd)

Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since March 2000
Special Responsibilities	-	Nil
Russell Keith Garvey	-	Director
Qualifications	-	B Bus (Distinction), Member of Chartered Accountants Australia & New Zealand, Fellow of the Australian Society of CPAs, Graduate of the Australian Institute of Company Directors, Chartered Tax Adviser, Fellow of the Tax Institute of Australia
Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since October 2008
Special Responsibilities	-	Chairman of Investment Sub Committee
Philip John Aylward	-	Director
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	-	Director
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
Colin Geoffrey Edwardes	-	Director
Qualifications	-	Bachelor of Arts (UWA),
Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since February 2014
Special Responsibilities	-	Member of Investment Sub Committee
Sharon Lee Warburton	-	Director
Qualifications	-	Fellow Institute of Chartered Accountants Australia & New Zealand, Graduate of the Australian Institute of Company Directors
Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since February 2014
Special Responsibilities	-	Member of Grants Sub Committee

DIRECTORS' REPORT (cont'd)

Sylvia Lennon (nee Meier)	-	Director
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	-	Director
Qualifications	-	Bachelor of Business, Certificate in Real Estate Management
Experience	-	Director since October 2015, Director of Princess Margaret Hospital for Children Foundation Inc since June 2015
Special Responsibilities	-	Member of Investment Sub Committee
Kelly Samantha Yates	-	Director (Resigned 25 October 2016)
Qualifications	-	No Formal Qualifications
Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since July 2004
Special Responsibilities	-	Member of Investment Sub Committee

MEETINGS OF DIRECTORS

During the financial year, 4 meetings of the directors was held. Attendance by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ian Gordon Campbell	4	2
Ian Douglas Shepherd	4	4
Russell Keith Garvey	4	3
Philip John Aylward	4	3
Sharon Lee Warburton	4	1
Frank Oreste Romano	4	3
Sylvia Lennon	4	3
Steven Mitchell Carulli	4	4
Colin Geoffrey Edwardes	4	2

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 entity.

DIRECTORS' REPORT (cont'd)

At 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$10 (2016 \$10).

AUDITOR'S INDEPENDENCE

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2017 has been received and can be found on page 9 of the financial report.

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



DIRECTOR



DIRECTOR

Perth, Western Australia
Dated: 27 October 2017

DIRECTORS' DECLARATION

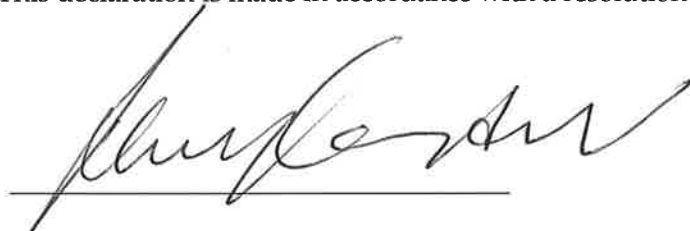
The directors acknowledge that they have responsibility for the reliability, accuracy and completeness of the accounting records of the company and have disclosed all material and relevant information for the preparation of the financial report.

The directors declare that the financial statements and notes set out on pages 13 to 30 are in accordance with the *Corporations Act 2001* 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 2017 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 a resolution of the Board of Directors.



DIRECTOR



DIRECTOR

Perth, Western Australia
Dated: 27 October 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor of the financial report of Perth Children's Hospital Foundation Ltd for the year ended 30 June 2017, 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.

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
27 October 2017




M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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INDEPENDENT AUDITOR'S REPORT

To the members of Perth Children's Hospital Foundation Ltd.

Qualified opinion

We have audited the financial report of Perth Children's Hospital Foundation Ltd ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had we been able to satisfy ourselves as to the completeness of fundraising revenue, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for qualified 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 auditor independence requirements of the *Corporations Act 2001* 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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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 2017, 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 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 the *Corporations Act 2001* 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 W Ohm
Partner

Perth, Western Australia
27 October 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
Revenue	2	6,553,222	357,321
Other income	3	1,495,371	5
Gain on contribution of assets	7	35,021,933	-
Net loss on disposal of available-for-sale financial assets		(100,489)	-
Grants to Perth Childrens Hospital	4(a)	(3,969,890)	-
Employee benefits		(1,631,031)	(377,317)
Depreciation and amortisation	4(b)	(33,423)	-
Finance costs		(751)	-
Other administration expenses		(811,257)	(275)
Other fundraising expenses		(1,441,868)	-
Net surplus/(deficit) for the year		35,081,817	(20,266)
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	16	749,141	-
Other comprehensive income for the year		749,141	-
Total comprehensive income/(loss) for the year		35,830,958	(20,266)
Total comprehensive income/(loss) attributable to members of the entity		35,830,958	(20,266)

The gain on contribution of assets relates to the transfer of assets from Princess Margaret Hospital for Children Foundation. Refer to Note 7 for further details.

The accompanying notes form part of the financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	6	3,410,964	74,210
Trade and other receivables	8	856,260	233,022
Inventories	9	93,557	-
Other current assets	10	36,299	-
TOTAL CURRENT ASSETS		4,397,080	307,232
TOTAL ASSETS		4,397,080	307,232
NON-CURRENT ASSETS			
Plant and equipment	11	512,970	-
Intangible assets	12	480	-
Financial assets	13	31,943,471	-
TOTAL NON-CURRENT ASSETS		32,456,921	-
TOTAL ASSETS		36,854,001	307,232
CURRENT LIABILITIES			
Trade and other payables	14	862,989	177,095
Provisions	15	96,804	88,070
TOTAL CURRENT LIABILITIES		959,793	265,165
NON-CURRENT LIABILITIES			
Provisions	15	83,516	62,333
TOTAL NON-CURRENT LIABILITIES		83,516	62,333
TOTAL LIABILITIES		1,043,309	327,498
NET ASSETS		35,810,692	(20,266)
EQUITY			
Fair value reserve	16	749,141	-
Accumulated surplus	16	35,061,551	(20,266)
TOTAL EQUITY		35,810,692	(20,266)

The accompanying notes form part of the financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Fair value reserve \$	Accumulated Surplus \$	Total Equity \$
Balance as at 1 July 2015	-	-	-
<i>Comprehensive Income</i>			
Net deficit for the year	-	(20,266)	(20,266)
Net change in fair value of available-for-sale financial assets	-	-	-
Balance at 30 June 2016	-	(20,266)	(20,266)
Balance as at 1 July 2017	-	(20,266)	(20,266)
<i>Comprehensive Income</i>			
Net surplus for the year	-	35,081,817	35,081,817
Net change in fair value of available-for-sale financial assets	749,141	-	749,141
Total comprehensive income attributable to members of the entity for the year	749,141	35,081,817	35,830,958
Balance at 30 June 2017	749,141	35,061,551	35,810,692

The accompanying notes form part of the financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
<i>Cash Flows from Operating Activities</i>			
Cash receipts from fundraising activities		8,084,197	359,594
Cash payments to suppliers and employees		(3,657,835)	(132,010)
Interest received		50,806	5
Dividend and distributions received		567,188	-
Interest paid		(751)	-
Grants paid to Perth Childrens Hospital		(3,969,890)	-
Net cash inflows from operating activities	20	1,073,715	227,589
<i>Cash Flows from Investing Activities</i>			
Proceeds from sale of investments		1,001,173	-
Proceeds from sale of investment property		1,850,000	-
Loans (to)/from related parties			
- proceeds received		-	64,787
- payments made		-	(218,166)
Transfer from Princess Margaret Hospital For Children Foundation		8,573,523	-
Acquisition of property, plant and equipment		(161,657)	-
Payment of term deposit		(9,000,000)	-
Net cash inflow/(outflow) from investing activities		2,263,039	(153,379)
Net increase in cash held		3,336,754	74,210
Cash at the beginning of the year		74,210	-
Cash at the end of the year	4	3,410,964	74,210

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Perth Childrens Hospital Foundation Limited (the "Foundation") is domiciled in Australia. The financial statements were authorised for issue on 27 October 2017 by the directors.

(b) Basis of Preparation

The Foundation 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 *Corporations Act 2001*. 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) 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.

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;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments (Continued)

Classification and subsequent measurement

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments (Continued)

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.

(d) 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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(g) 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.

(h) 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(d) for details of impairment).

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%

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

(j) 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(d) for further discussion on the determination of impairment losses.

(k) 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.

(l) 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.

(m) 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Goods and Services Tax (GST)(Continued)

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.

(n) Comparative Figures

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

(o) 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.

(p) 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 19.

(q) Critical Accounting Estimates and Judgments

The directors evaluate 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.

(ii) Available-for-sale financial assets

The company maintains a portfolio of securities with a carrying value of \$31,943,171 at the end of the reporting period (2016: \$0). 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 2017

	2017	2016
	\$	\$
2. REVENUE		
Donations	3,248,401	-
Wills and bequests	1,036,477	-
Other fundraising revenue and merchandise sales	1,097,429	-
Management fee	-	334,594
Corporate relationship events	1,170,915	22,727
	<u>6,553,222</u>	<u>357,321</u>
3. OTHER INCOME		
Interest received	50,806	5
Distribution income on available-for-sale investments	1,355,522	-
Other income	89,043	-
	<u>1,495,371</u>	<u>5</u>
4. EXPENSES FOR THE YEAR		
<i>(a) Grants to Princess Margaret Hospital</i>	3,969,890	-
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	<u>33,423</u>	<u>-</u>
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>553,465</u>	<u>-</u>
Other KMP transactions		
For details of other transactions with KMP refer to Note 21.		
6. CASH AND CASH EQUIVALENTS		
Cash on hand	386	-
Cash at bank	2,165,378	74,210
Short term investments - bank deposits	<u>1,245,200</u>	<u>-</u>
	<u>3,410,964</u>	<u>74,210</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 three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

6. CASH AND CASH EQUIVALENTS (CONTINUED)

Reconciliation of cash

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	3,410,964	74,210
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7. TRANSFER OF ASSETS FROM PRINCESS MARGARET HOSPITAL FOR CHILDREN FOUNDATION

During the financial year, 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"). Under the Deed, the following assets of PMHFT were transferred to PCHFL:

At fair value

Property, plant and equipment (Note 11)	91,124	-
Intellectual property (Note 12)	700	-
Land at valuation	1,950,000	-
Managed Funds	22,193,869	-
Investment portfolio - cash	7,987,868	-
Charity account	2,600,000	-
Inventory and other assets	235,380	-
Other liabilities	(37,008)	-
	35,021,933	-

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 of 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.

8. TRADE AND OTHER RECEIVABLES

GST receivable	52,167	-
Trade receivables	149,118	-
Other debtors	654,975	-
PMHF Inc. - related party	-	218,166
Prepaid salaries	-	14,856
	856,260	233,022

No receivables are considered past due or impaired at 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
8. TRADE AND OTHER RECEIVABLES (CONTINUED)		
<i>Financial assets classified as receivables</i>		
Trade receivables and other debtors:		
- Total current	856,260	-
9. INVENTORIES		
Inventories - merchandise at cost	93,557	-
10. OTHER CURRENT ASSETS		
Prepayments	36,299	-
11. PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	686,507	-
Accumulated depreciation	(218,423)	-
	468,084	-
Motor vehicles:		
At cost	133,454	-
Accumulated depreciation	(88,568)	-
	44,886	-
Total plant and equipment	512,970	-

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	Total
	\$	\$	\$
Balance at 1 July 2016	-	-	-
Assets contributed (refer Note 7)	30,396	60,728	91,124
Additions	455,048	-	455,048
Depreciation expense	(17,360)	(15,842)	(33,202)
Balance at 30 June 2017	468,084	44,886	512,970

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
12. INTANGIBLE ASSETS		
Stitches:		
Trademarks - at cost	700	-
Less: accumulated amortisation	(220)	-
	<u>480</u>	<u>-</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 2016	-	-
Assets contributed (refer Note 7)	700	700
Amortisation expense	(220)	(220)
Balance at 30 June 2017	<u>480</u>	<u>480</u>

13. FINANCIAL ASSETS

Available-for-sale financial assets - at fair value	31,943,471	-
Available-for-sale financial assets comprise:		
- Fixed interest securities	16,424,410	-
- Managed funds	15,519,061	-
Total available-for-sale financial assets	<u>31,943,471</u>	<u>-</u>

14. TRADE AND OTHER PAYABLES

Accounts payable and other creditors (i)	745,566	-
PMHF - related party	-	64,787
Employee benefits	85,470	82,053
PAYG withholding	31,953	27,982
GST payable	-	2,273
	<u>862,989</u>	<u>177,095</u>

(i) Trade payables are non-interest bearing and normally settled on 30 day terms.

Financial liabilities at amortised cost classified as trade and other payables

Trade payables and other creditors:

- Total current	<u>862,989</u>	<u>177,095</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
15. PROVISIONS		
Long service leave:		
Opening balance	150,403	-
Provisions raised during the year	29,917	150,403
	<u>180,320</u>	<u>150,403</u>
<i>Analysis of total provisions</i>		
Current	96,804	88,070
Non-current	83,516	62,333
	<u>180,320</u>	<u>150,403</u>

16. ACCUMULATED SURPLUS AND RESERVES

Accumulated Surplus

The accumulated surplus as at 30 June 2017 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	749,141	-
Movement in financial assets reserve	<u>749,141</u>	<u>-</u>

17. FINANCIAL RISK MANAGEMENT

The Company'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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
		\$	\$
17.	FINANCIAL RISK MANAGEMENT (CONTINUED)		
	Financial assets		
	Cash and cash equivalents	6 3,410,964	74,210
	Trade and other receivables	8 856,260	233,022
	Available-for-sale listed equity securities	13 31,943,471	-
	Total financial assets	<u>36,210,695</u>	<u>307,232</u>
	Financial liabilities		
	Trade and other payables	14 862,989	177,095
	Total financial liabilities	<u>862,989</u>	<u>177,095</u>

Refer to Note 18 for detailed disclosures regarding the fair value measurement of the Company's financial assets.

18. FAIR VALUE MEASUREMENTS

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.

Recurring fair value measurements

Available-for sale financial assets

Listed investments, at fair value:

- Fixed interest securities	16,424,410	-
- Managed funds	15,519,061	-
Total financial assets recognised at fair value	<u>31,943,471</u>	<u>-</u>

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.

19. CAPITAL AND OTHER COMMITMENTS

At 30 June 2017, the Company has forward commitments as follows:

Capital expenditure commitments

Research and other grants

- Within one year	15,596,351	-
- After one year and not more than five years	3,533,663	-
	<u>19,130,014</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
20. RECONCILIATION OF CASH FLOWS FROM OPERATIONS		
Surplus/(deficit) for the year	35,081,817	(20,266)
Non-cash flows in result:		
Depreciation and amortisation of property, plant & equipment	33,203	-
Amortisation of intangibles	220	-
Gain on consideration of assets from Perth Childrens Hospital	(34,929,030)	-
Provision for employee leave benefits	-	217,866
Loss on disposal of investments	100,489	-
Changes in assets and liabilities:		
(Increase)/ decrease in current receivables	(943,812)	(14,857)
(Increase)/ decrease in current inventories	11,370	-
Increase/(decrease) in current payables	683,248	42,573
Increase / (decrease) in financial asset/liability	1,060,733	-
Increase/(decrease) in provision	29,917	-
Increase/(decrease) in GST payable	(54,440)	2,273
Cash flows from operations	<u>1,073,715</u>	<u>227,589</u>

21. 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

Ian Gordon Campbell
 Ian Douglas Shepherd
 Russell Keith Garvey
 Philip John Aylward
 Colin Geoffrey Edwardes
 Sharon Lee Warburton
 Frank Oreste Romano
 Sylvia Lennon
 Steven Mitchell Carulli
 Kelly Yates (Resigned on 25 October 2016)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

21. RELATED PARTIES (CONTINUED)

Executives

Denys Pearce - CEO

Mark Pugsley - Head of Finance

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.

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

22. SUBSEQUENT EVENTS

No events subsequent to balance date which would have a material effect on the Foundation's financial statements at 30 June 2017 were known at the time of the issue of these financial statements.

23. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or contingent assets.

24. FOUNDATION DETAILS

The principal place of business is:

Level 1

68 Hay Street

SUBIACO WA 6008