

PERTH CHILDRENS HOSPITAL FOUNDATION LIMITED
A.B.N. 18 604 862 071
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

GENERAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2018

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DIRECTORS' REPORT

Your directors present this report on Perth Childrens Hospital Foundation Limited (the "Company") for the financial year ended 30 June 2018.

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 (resigned 2 March 2018)
Sharon Lee Warburton
Frank Oreste Romano
Sylvia Lennon
Steven Mitchell Carulli

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

COMPANY OBJECTS

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

- (a) Provide school children with information and education on health promotion and the prevention or control of diseases in children.
- (b) Provide information on the prevention or the control of diseases in children to health care professionals, children suffering with a disease and their families, carers of children suffering with a disease and the general public.
- (c) Promote and assist organisations and facilities which care for, treat and rehabilitate children suffering with a disease.
- (d) Provide relief and assistance to children suffering from a disease, including the provision of relief and assistance to their families and carers.
- (e) Promote, fund and assist organisations and individuals to undertake research or study aimed at detecting, diagnosing, preventing, treating or controlling diseases in children and, where practical to do so, to evaluate and disseminate such study or research.
- (f) Promote community awareness of and community participation in issues and activities relating to the prevention or control of diseases in children.

DIRECTORS' REPORT (cont'd)

- (g) Promote and advertise the objects of the Company by preparing publications and advertising through various mediums as determined by the Company.
- (h) Undertake any other things and activities as may be incidental or ancillary to the attainment of the objects.

SHORT-TERM OBJECTIVES

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

LONG TERM OBJECTIVES

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

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

STRATEGIES

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

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

DIRECTORS' REPORT (cont'd)

KEY PERFORMANCE MEASURES

The Foundation 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 Foundation and whether the Foundation's short-term and long-term objectives are being achieved.

The Foundation's key performance measures are:

1. All requests for funding that meet the Foundation'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 promote the prevention or the control of disease in children.

All of the above key performance indicators were met during the 2017/18 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
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), Chartered Accountant, Fellow CPA, 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

DIRECTORS' REPORT (cont'd)

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 (Resigned 2 March 2018)
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	-	B Bus (Accounting & Business Law) (Curtin (1990)) Fellow Institute of Chartered Accountants Australia & New Zealand, Graduate of the Australian Institute of Company Directors, Fellow Australian Institute of Building
Experience	-	Director since March 2015, Director of Princess Margaret Hospital for Children Foundation Inc. since February 2014
Special Responsibilities	-	Member of Grants Sub Committee
Sylvia Lennon (nee Meier)	-	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

DIRECTORS' REPORT (cont'd)

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

MEETINGS OF DIRECTORS

During the financial year, 6 meetings of the directors was held. Attendance by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ian Gordon Campbell	6	2
Ian Douglas Shepherd	6	4
Russell Keith Garvey	6	5
Philip John Aylward	6	3
Sharon Lee Warburton	6	5
Frank Oreste Romano	6	4
Sylvia Lennon	6	4
Steven Mitchell Carulli	6	5
Colin Geoffrey Edwardes	5	2

The Foundation is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Foundation 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.

At 30 June 2018, the total amount that members of the Foundation are liable to contribute if the company is wound up is \$10 (2017: \$10).

DIRECTORS' REPORT (cont'd)

AUDITOR'S INDEPENDENCE

The lead auditor's independence declaration as required under sections 60-40(1)(a) and (b) of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2018 has been received and can be found on page 10 of the financial report.

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



IAN CAMPBELL
(CHAIR)

Perth, Western Australia
Dated: 9 November 2018

DIRECTORS' DECLARATION

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

The directors declare that the financial statements and notes set out on pages 14 to 32 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

- (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date.

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

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



IAN CAMPBELL
(CHAIR)

Perth, Western Australia
Dated: 9 November 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor of the financial report of Perth Childrens Hospital Foundation Ltd for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of :

- a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
9 November 2018



M R 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 Childrens Hospital Foundation Ltd.

Qualified opinion

We have audited the financial report of Perth Childrens Hospital Foundation Ltd ("the Foundation") which comprises the statement of financial position as at 30 June 2018, 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 Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Foundation's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for qualified 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.

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 Foundation in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information comprises the information included in the Foundation's annual report for the year ended 30 June 2018, 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 Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Foundation 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 Foundation 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 Foundation'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 Foundation'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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R Ohm
Partner

Perth, Western Australia
9 November 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	<i>Note</i>	2018 \$	2017 \$
Revenue	2	8,260,983	6,553,222
Other income	3	1,434,932	1,495,371
Gain on contribution of assets	7	325,000	35,021,933
Net gain/(loss) on disposal of available-for-sale financial assets		24,135	(100,489)
Grants to Perth Childrens Hospital	4(a)	(4,855,616)	(3,969,890)
Employee benefits		(1,980,229)	(1,631,031)
Depreciation and amortisation	4(b)	(34,786)	(33,423)
Finance costs		(1,509)	(751)
Other administration expenses		(785,186)	(811,257)
Other fundraising expenses		(1,764,209)	(1,441,868)
Net surplus/(deficit) for the year		623,515	35,081,817
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	1,747,795	749,141
Other comprehensive income for the year		1,747,795	749,141
Total comprehensive income for the year		2,371,310	35,830,958
Total comprehensive income attributable to members of the entity		2,371,310	35,830,958

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 2018

	<i>Note</i>	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	6	3,009,142	3,410,964
Trade and other receivables	8	811,317	856,260
Inventories	9	68,320	93,557
Other current assets	10	34,131	36,299
TOTAL CURRENT ASSETS		3,922,910	4,397,080
NON-CURRENT ASSETS			
Plant and equipment	11	690,297	512,970
Intangible assets	12	240	480
Financial assets	13	34,692,885	31,943,471
TOTAL NON-CURRENT ASSETS		35,383,422	32,456,921
TOTAL ASSETS		39,306,332	36,854,001
CURRENT LIABILITIES			
Trade and other payables	14	977,120	862,989
Provisions	15	131,724	96,804
TOTAL CURRENT LIABILITIES		1,108,844	959,793
NON-CURRENT LIABILITIES			
Provisions	15	15,486	83,516
TOTAL NON-CURRENT LIABILITIES		15,486	83,516
TOTAL LIABILITIES		1,124,330	1,043,309
NET ASSETS		38,182,002	35,810,692
EQUITY			
Fair value reserve	16	2,496,936	749,141
Accumulated surplus	16	35,685,066	35,061,551
TOTAL EQUITY		38,182,002	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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Fair value reserve \$	Accumulated Surplus \$	Total Equity \$
Balance as at 1 July 2016	-	(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
Balance as at 1 July 2017	749,141	35,061,551	35,810,692
<i>Comprehensive Income</i>			
Net surplus for the year	-	623,515	623,515
Net change in fair value of available-for-sale financial assets	1,747,795	-	1,747,795
Total comprehensive income attributable to members of the entity for the year	1,747,795	623,515	2,371,310
Balance at 30 June 2018	2,496,936	35,685,066	38,182,002

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 2018

	<i>Note</i>	2018 \$	2017 \$
<i>Cash Flows from Operating Activities</i>			
Cash receipts from fundraising activities		8,224,263	8,084,197
Cash payments to suppliers and employees		(4,418,640)	(3,657,835)
Interest received		58,272	50,806
Dividend and distributions received		1,455,765	567,188
Interest paid		(1,509)	(751)
Grants paid to Perth Childrens Hospital		(4,855,616)	(3,969,890)
Transfer from Princess Margaret Hospital for Children Foundation		325,000	-
Net cash inflows from operating activities	20	787,535	1,073,715
<i>Cash Flows from Investing Activities</i>			
Proceeds from sale of investments		257,816	1,001,173
Proceeds from sale of investment property		-	1,850,000
Transfer from Princess Margaret Hospital For Children Foundation		-	8,573,523
Acquisition of property, plant and equipment		(211,873)	(161,657)
Payment for purchase of investments		(1,235,300)	(9,000,000)
Net cash (outflow)/inflow from investing activities		(1,189,357)	2,263,039
Net (decrease) / increase in cash held		(401,822)	3,336,754
Cash at the beginning of the year		3,410,964	74,210
Cash at the end of the year	6	3,009,142	3,410,964

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 9 November 2018 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 *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

(c) 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 2018

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 2018

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 2018

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)).

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.

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 2018

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 allowance for impairment (refer to Note 1(d)).

(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. Distribution 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 2018

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 Perth Childrens 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 \$34,692,885 at the end of the reporting period (2017: \$31,943,171). 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 2018

	2018 \$	2017 \$
2. REVENUE		
Donations	4,746,514	3,248,401
Wills and bequests	1,113,028	1,036,477
Other fundraising revenue and merchandise sales	909,136	1,097,429
Corporate relationship events	1,492,305	1,170,915
	<u>8,260,983</u>	<u>6,553,222</u>
3. OTHER INCOME		
Interest received	58,272	50,806
Distribution income on available-for-sale investments	1,370,263	1,355,522
Rental income	6,397	-
Other income	-	89,043
	<u>1,434,932</u>	<u>1,495,371</u>
4. EXPENSES FOR THE YEAR		
<i>(a) Grants to Princess Margaret Hospital</i>	<u>4,855,616</u>	<u>3,969,890</u>
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 and amortisation	<u>34,786</u>	<u>33,423</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>616,475</u>	<u>553,465</u>
Other KMP transactions		
For details of other transactions with KMP refer to Note 21.		
6. CASH AND CASH EQUIVALENTS		
Cash on hand	972	386
Cash at bank	2,262,970	2,165,378
Short term investments - bank deposits	745,200	1,245,200
	<u>3,009,142</u>	<u>3,410,964</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 2018

	2018	2017
	\$	\$

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	3,009,142	3,410,964
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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	-	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	325,000	2,600,000
Inventory and other assets	-	235,380
Other liabilities	-	(37,008)
	<u>325,000</u>	<u>35,021,933</u>

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	93,904	52,167
Trade receivables	112,079	149,118
Other debtors	605,334	654,975
	<u>811,317</u>	<u>856,260</u>

No receivables are considered past due or impaired at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
8. TRADE AND OTHER RECEIVABLES (CONTINUED)		
<i>Financial assets classified as receivables</i>		
Trade receivables and other debtors:		
- Total current	811,317	856,260
9. INVENTORIES		
Inventories - merchandise at cost	68,320	93,557
10. OTHER CURRENT ASSETS		
Prepayments	31,631	36,299
Security bond	2,500	-
	34,131	36,299
11. PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	363,993	242,015
Accumulated depreciation	(229,007)	(218,423)
	134,986	23,592
Plant and equipment leased to external parties pursuant to operating lease:		
At cost	534,388	444,492
Accumulated depreciation	(6,679)	-
	527,709	444,492
Total Plant and equipment	662,695	468,084
Motor vehicles:		
At cost	86,415	133,454
Accumulated depreciation	(58,813)	(88,568)
	27,602	44,886
Total plant and equipment	690,297	512,970

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
11. 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 2017	468,084	44,886
Additions	211,873	-
Depreciation expense	(17,262)	(17,284)
Balance at 30 June 2018	<u>662,695</u>	<u>27,602</u>
12. INTANGIBLE ASSETS		
Stitches:		
Trademarks - at cost		700
Less: accumulated amortisation		(460)
		<u>240</u>
		<u>480</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 2017	480	-
Assets contributed (refer Note 7)	-	700
Amortisation expense	(240)	(220)
Balance at 30 June 2018	<u>240</u>	<u>480</u>
13. FINANCIAL ASSETS		
Available-for-sale financial assets - at fair value	<u>34,692,885</u>	<u>31,943,471</u>
Available-for-sale financial assets comprise:		
- Fixed interest securities	17,405,876	16,424,410
- Managed funds	17,287,009	15,519,061
Total available-for-sale financial assets	<u>34,692,885</u>	<u>31,943,471</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
14. TRADE AND OTHER PAYABLES		
Accounts payable and other creditors (i)	865,330	745,566
Employee benefits	82,395	85,470
PAYG withholding	29,385	31,953
	<u>977,120</u>	<u>862,989</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>977,120</u>	<u>862,989</u>
15. PROVISIONS		
Long service leave:		
Opening balance	180,320	150,403
Provisions raised during the year	19,785	29,917
Provisions paid during the year	(52,895)	-
	<u>147,210</u>	<u>180,320</u>
 <i>Analysis of total provisions</i>		
Current	131,734	96,804
Non-current	15,486	83,516
	<u>147,210</u>	<u>180,320</u>

16. ACCUMULATED SURPLUS AND RESERVES

Accumulated Surplus

The accumulated surplus as at 30 June 2018 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		\$	\$
16. ACCUMULATED SURPLUS AND RESERVES (CONTINUED)			
Analysis of items of other comprehensive income			
Revaluation gains on available-for-sale financial assets		1,747,795	749,141
Movement in financial assets reserve		<u>1,747,795</u>	<u>749,141</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:			
Financial assets			
Cash and cash equivalents	6	3,009,142	3,410,964
Trade and other receivables	8	811,317	856,260
Available-for-sale listed equity securities	13	34,692,885	31,943,471
Total financial assets		<u>38,513,344</u>	<u>36,210,695</u>
Financial liabilities			
Trade and other payables	14	977,120	862,989
Total financial liabilities		<u>977,120</u>	<u>862,989</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		17,405,876	16,424,410
- Managed funds		17,287,009	15,519,061
Total financial assets recognised at fair value		<u>34,692,885</u>	<u>31,943,471</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
18. FAIR VALUE MEASUREMENTS (CONTINUED)		
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 2018, the Company has forward commitments as follows:		
Capital expenditure commitments		
<i>Research and other grants</i>		
- Within one year	9,218,282	8,876,881
- After one year and not more than five years	11,485,715	3,533,663
- After five years	749,421	-
	<u>21,453,418</u>	<u>12,410,474</u>
Operating lease commitments		
The Company entered into a lease agreement with the Health Ministerial Body over designated areas within the Perth Childrens Hospital for a period of 10 years for a nominal value.		
The lease agreement allows for the subletting of a specified area relating to a café fit-out. The Company has entered into a sublease for a period of seven year with an option to renew for a further 3 years. Rent is receivable monthly in advance.		
Included in the sublease is a provision for the recoupment of fit-out costs incurred as disclosed in Note 11. Repayments are monthly in advance over the period of the lease agreement and include interest at 5% per annum.		
<i>Rent receivable</i>		
- Within one year	82,757	-
- After one year and not more than five years	411,452	-
- After five years	206,070	-
	<u>700,279</u>	<u>-</u>
<i>Fit-out receivable</i>		
- Within one year	90,637	-
- After one year and not more than five years	362,543	-
- After five years	166,166	-
	<u>619,346</u>	<u>-</u>
	<u>1,319,625</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
20. RECONCILIATION OF CASH FLOWS FROM OPERATIONS		
Surplus for the year	623,515	35,081,817
Non-cash flows in result:		
Depreciation of property, plant & equipment	34,546	33,203
Amortisation of intangibles	240	220
Gain on consideration of assets from Perth Childrens Hospital	-	(34,929,030)
(Gain) / loss on disposal of investments	(24,135)	100,489
Changes in assets and liabilities:		
(Increase)/ decrease in current receivables	88,848	(943,812)
(Increase)/ decrease in current inventories	25,237	11,370
Increase/(decrease) in current payables	116,689	683,248
Increase / (decrease) in financial asset	-	1,060,733
Increase/(decrease) in provision	(33,110)	29,917
Increase/(decrease) in GST payable	(44,295)	(54,440)
Cash flows from operations	<u>787,535</u>	<u>1,073,715</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 (Chairman)

Ian Douglas Shepherd

Russell Keith Garvey

Philip John Aylward

Colin Geoffrey Edwardes (Resigned 2 March 2018)

Sharon Lee Warburton

Frank Oreste Romano

Sylvia Lennon

Steven Mitchell Carulli

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

21. RELATED PARTIES (CONTINUED)

Executives

Denys Pearce – CEO (Resigned 8 January 2018)

Carrick Robinson – CEO (Appointed 8 January 2018)

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.

BDO is engaged for preparation and lodgement of FBT returns. Russel Garvey was a partner at BDO until December 2017 when he retired.

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 2018 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 4

15 Hospital Avenue

NEDLANDS WA 6009