

**Australian Cancer Research  
Foundation**  
**(A company limited by guarantee)**

ABN 27 076 461 360

**Annual report**  
**for the year ended 31 December 2011**

**Australian Cancer Research Foundation** ABN 27 076 461 360  
**Annual report - 31 December 2011**

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## Trustees' report

The trustees present their report together with the financial report of Australian Cancer Research Foundation ("the Foundation") for the year ended 31 December 2011 and the auditor's report thereon.

### Trustees

The following persons were trustees of Australian Cancer Research Foundation during the whole of the financial year and up to the date of this report:

Mr John Boettcher OAM  
Mr Greg Camm  
Mr Russell Caplan (approved by Board at meeting on 24th March 2011)  
Mr Tim Crommelin  
Mr Tom Dery  
Mr Carrillo Gantner AO  
Mr Stephen Gerlach AM  
Air Chief Marshal Angus Houston AC, AFC, (Retired) (from 23rd November 2011)  
Mr Peter Jones  
Mr James Millar  
Mr Simon Perrott  
Mr Stephen Rix  
Sir Ian Turbott AO, CMG, CVO  
Dr John Yu AC

### Information on Trustees

**Mr John Boettcher OAM.** *Trustee since 18 June 1984*

***Other positions held and current directorships***

- Director Cauty Pty Ltd

**Mr Greg Camm.** *MBA (UMelb) BBus (Monash) CPA; SF Fin. Trustee since 6 December 2000*

***Other positions held and current directorships***

- Chief Executive Officer Superpartners Pty Ltd

- Director Catholic Development Fund

**Mr Russell Caplan FAICD** *Trustee since 24 March 2011*

***Other positions held and current directorships***

- Non-executive Director Orica Limited

- Non-executive Director QR National Limited

- Chair Melbourne and Olympic Parks Trust

- Chair Cooperative Research Centre for Contamination Assessment and Remediation of the Environment

- Director Committee for Economic Development of Australia

**Mr Tim Crommelin.** *BCom (UQld), FSLE, FSIA; Advanced Management Program (University of Hawaii). Trustee since 29 March 2000*

***Other positions held and current directorships***

- Executive Chair RBS Morgans Limited

- Director Brisbane Lions Foundation

- Director Senex Energy Limited

- Director AP Eagers Limited

- Chair Advisory Board of the Australian National University Investment Committee

- Member of the Senate University of Queensland

- Director University of Queensland Endowment Foundation

**Information on Trustees (continued)**

**Mr Tom Dery. BCom (Econ) (UNSW); MBA (Stanford). Trustee since 1 April 1994**

***Other positions held and current directorships***

- Worldwide Chair of M&C Saatchi
- Director Jetset Travelworld Limited
- Director The Communications Council
- Director Queenwood School for Girls
- Director Dean's Advisory Council, Faculty of Arts and Social Sciences, University of New South Wales

**Mr Carrillo Gantner AO. BA (UMelb); Master of Fine Arts (Stanford); Grad Dip Arts Admin (Harvard). Trustee since 6 December 2000**

***Other positions held and current directorships***

- President and Director Melbourne International Arts Festival
- Chair Sidney Myer Fund
- Chair Sidney Myer Estate
- Director The Myer Foundation
- Director Myer Family Company Holdings Ltd
- Director Mypac Pty Ltd
- President Melbourne Festival
- Director Australian Geographic Retail Pty Ltd
- Director Nuco Pty Ltd
- Director Jianguo Pty Ltd
- Director Ward Ferry Asian Reconnaissance Fund Ltd (Hong Kong)

**Mr Stephen Gerlach. AM Trustee since 15 November 1996**

***Other positions held and current directorships***

- Chair Foodbank SA Inc
- Director of Foodbank Australia Ltd
- Convenor Peter Couche Foundation
- Chancellor Flinders University
- Director The General Sir John Monash Foundation Inc

**Air Chief Marshal Angus Houston AC. AFC. (Retired). Trustee since 23 November 2011**

***Other positions held and current directorships***

- Chair Anzac Centenary Advisory Board
- Director Air Services Australia
- Former Chief of the Australian Defence Force (2006-2011)

**Information on Trustees (continued)**

**Mr Peter Jones LLB, BSurv** *Trustee since 2 June 2005*

***Other positions held and current directorships***

- General Counsel and Company Secretary of Tassal Group Limited (Resigned 31 December 2011)

**Mr James Millar B.Com (UNSW), FCA, FAICD.** *Trustee since 2 June 2005*

***Other positions held and current directorships***

- Chair of The Smith Family
- Director Jetset Travelworld Limited
- Director Mirvac Limited
- Director Mirvac Funds Limited
- Director Vincent Fairfax Family Foundation
- Director Wynstay Pastoral Group of Companies
- Member University of NSW Australian School of Business Advisory Board

**Mr Simon Perrott. BSc (UMelb); MBA (AGSM).** *Trustee since 6 December 2000*

***Other positions held and current directorships***

- Chairman Investment Banking RBS Morgans Limited

**Mr Stephen Rix. B Ec, CA, FAICD.** *Trustee since 1 December 2005*

***Other positions held and current directorships***

- Chair Travelex Australasia Group
- Director Bennelong Funds Management Ltd
- Director Allen & Unwin Pty Limited
- Director International Parking Group Pty Ltd

**Sir Ian Turbott AO, CMG, CVO. Hon D Litt (UWS), FAICD.** *Trustee since 18 June 1984*

***Other positions held and current directorships***

- Chair I T Graham Investments Pty Limited
- Chair Australian Youth Trust
- Director Commonwealth Council
- Director Ted Noffs Foundation
- Emeritus Chancellor University of Western Sydney

**Dr John Yu AC MB, BS (USYD), FRACP, FRACMA, DCH (RCP&S Lond), Hon. MD (USYD), Hon D.Litt (UWS), Hon DSc (UNSW).** *Trustee since 1 December 2005.*

***Other positions held and current directorships***

- Chair Advisory Board for Asian Art and Archaeology (University of Sydney)
- Chair VisAsia Board of Art Gallery of NSW

**Meetings of Trustees**

The number of Trustees' meetings (including meetings of committees of Trustees) and number of the meetings attended by each of the Trustees of the Foundation during the financial year are:

	Meetings of Trustees		Meetings of Finance Investments and Audit Committee	
	A	B	A	B
Mr John Boettcher OAM	4	3	0	0
Mr Greg Camm	4	3	0	0
Mr Russell Caplan	3	2	0	0
Mr Tim Crommelin	4	0	3	0
Mr Tom Dery	4	4	3	3
Mr Carrillo Gantner AO	4	3	0	0
Mr Stephen Gerlach AM	4	2	0	0
Air Chief Marshal Angus Houston AC, AFC (Retired)	1	1	0	0
Mr Peter Jones	4	4	0	0
Mr James Millar	4	3	3	3
Mr Simon Perrott	4	4	3	3
Mr Stephen Rix	4	3	3	2
Sir Ian Turbott AO, CMG, CVO	4	0	0	0
Dr John Yu AC	4	2	0	0

A = Number of meetings eligible to attend

B = Number of meetings attended

**Principal activities**

The principal activity of the Foundation during the year was to act as a charitable institution providing cancer research funds. No significant change in the nature of those activities had occurred during the year.

**Dividends**

As the Foundation is limited by guarantee and has no share capital, no dividends are payable.

**Review of operations**

The operating surplus for the year before grants was \$9,111,515 (2010: surplus of \$7,420,967). Deficit after grants expense was \$8,488,485 (2010: surplus of \$6,420,823). All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenues which have been earned by the Foundation.

**Objectives of Australian Cancer Research Foundation (ACRF)**

ACRF is a private charitable Foundation dedicated solely to the funding of world class research in Australia. The Foundation's objectives, short and long term are to fulfil this aim with the maximum amount of funds each year. This is fulfilled through fundraising, all of which is sourced from private individuals and companies. There are many sources of fundraising, the most notable being bequests, in-memoriam donations, third party fundraisers, workplace givers, and annual appeals made to donors and potential donors.

**Key strategies for achieving objectives**

Through the Foundation's fundraising activities, funds are sourced for the sole purpose of funding great research in Australia. Every dollar of every donation received goes to cancer research. The selection of grant awardees each year is overseen by an eminent scientific committee, known officially as the Medical Research Advisory Committee. This committee reviews all grant applications and makes recommendations to the Board of Trustees on the worthiness of such applications. Approval of research grants is decided by the Board.

**Explanation of how business activities helped meet key objectives**

ACRF is governed by a Board of Trustees and operationally managed by a Chief Executive. All things to do with money are managed by the CEO but overseen by a combination of the Finance Investments and Audit Committee, and also the Board of Trustees. Meetings of each group are held quarterly, at which time all financial matters are reviewed by both bodies and approved.

**Objectives of Australian Cancer Research Foundation (ACRF) (continued)**

**Measurement of performance**

The success is measured through pre-determined objectives for each year which become our KPIs. Each month, we monitor our fundraising results against a cashflow budget.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect:

- (a) the Foundation's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Foundation's state of affairs in future financial years.

**Likely developments and expected results of operations**

The Foundation will continue to act as a charitable institution and to raise funds for cancer research. The Foundation operates under a statement of compliance to the Charitable Fundraising Act 2008.

**Environmental regulation**

The Foundation's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation.

**Indemnification and insurance of officers and auditors**

Since the end of the previous financial year, the Foundation has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Foundation.

During the financial year the Foundation has paid premiums in respect of Trustees' and officers' liability and legal expenses insurance contracts for the year ending 31 December 2011. Such insurance contracts insure against certain liability (subject to specific exclusions) arising against persons who are or have been Trustees or officers of the Foundation.

The Trustees have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Trustees' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

**Trustees' benefits**

During the year no Trustee has received or become entitled to receive any benefit by reason of a contract made by the foundation with the Trustee or with a firm of which he or she is a member or a company in which he or she has a substantial financial interest.

**Grants paid and awarded**

In 2011 the Foundation paid grants (excluding GST) totalling \$9,535,345 (2010: \$2,918,658) as listed below.

	2011	2010
	\$	\$
Institute of Molecular Biosciences	-	1,250,000
Peter MacCallum Cancer Centre	-	393,658
Menzies Research Institute	-	275,000
Flinders Medical Centre	750,000	250,000
Royal Melbourne Hospital	250,000	750,000
Westmead Institute for Cancer Research	1,000,000	-
SA Pathology (The Centre of Cancer Biology)	700,000	-
Queensland Institute of Medical Research (QIMR)	1,145,345	-
Garvan St Vincent's Cancer Centre	5,000,000	-
Western Australian Institute for Medical Research	690,000	-
	<b>9,535,345</b>	<b>2,918,658</b>

**Grants paid and awarded (continued)**

During the year the Trustees resolved to award grants to the following organisations:

	2011 \$	2010 \$
Garvan St Vincent's Cancer Centre	-	2,500,000
Western Australian Institute for Medical Research	-	2,400,000
Walter and Eliza Hall Institute of Medical Research	-	2,000,000
Monash Institute of Medical Research	-	1,600,000
Westmead Institute for Cancer Research	5,000,000	-
Ludwig Institute for Cancer Research	2,000,000	-
St Vincent's Institute for Medical Research	2,000,000	-
	9,000,000	8,500,000

At year end all 2011 grants are contingent upon satisfactory contractual arrangements being negotiated between the respective parties. The Foundation receives annual progress reports from past grant recipients.

**Members' contribution in winding ups**

The liability of the members is limited to \$100 (2010: \$100).

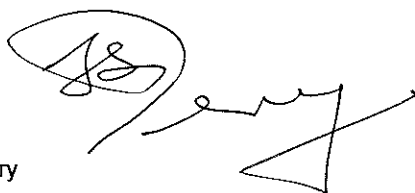
**Auditor's independence declaration**

A copy of the auditor's independence declaration is set out on page 7.

**Auditor**

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Trustees.



Mr T S Dery  
Chairman



Mr S R Rix  
Trustee

Sydney  
~~22~~ March 2012

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**Australian Cancer Research Foundation** ABN 27 076 461 360  
**Annual report - 31 December 2011**

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This financial report covers Australian Cancer Research Foundation ("the Foundation") as an individual entity. The financial report is presented in the Australian currency.

Australian Cancer Research Foundation is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Cancer Research Foundation  
Suite 409, The Strand Arcade  
412 George Street  
Sydney 2000 NSW

A description of the nature of the Foundation's operations and its principal activities is included in the Trustees' report on pages 1-7, which is not part of this financial report.

The financial report was authorised for issue by the Trustees on 22 March 2012. The Foundation has the power to amend and reissue the financial report.

**Australian Cancer Research Foundation**  
**Statement of comprehensive income**  
**For the year ended 31 December 2011**

	Notes	2011 \$	2010 \$
<b>Revenue from continuing operations</b>	3	11,289,812	9,262,458
Employee benefits expense		(1,065,822)	(881,737)
Fundraising expenses		(634,731)	(520,705)
Office and premises expenses		(161,888)	(163,762)
Consultancy fees		(72,308)	(139,401)
Other expenses		(243,548)	(135,886)
<b>Surplus for the year before grants</b>		<u>9,111,515</u>	<u>7,420,967</u>
Grants expense		<u>(17,600,000)</u>	<u>(1,000,144)</u>
<b>Net (deficit) surplus for the year</b>		<u>(8,488,485)</u>	<u>6,420,823</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(8,488,485)</u>	<u>6,420,823</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Australian Cancer Research Foundation**  
**Balance sheet**  
**As at 31 December 2011**

	Notes	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	10,813,110	9,854,281
Trade and other receivables	8	1,539,548	970,471
Investments and other financial assets	9	25,759,002	30,892,183
Other current assets	10	<u>14,981</u>	<u>17,969</u>
<b>Total current assets</b>		<u><b>38,126,641</b></u>	<u><b>41,734,904</b></u>
<b>Non-current assets</b>			
Held-to-maturity investments	11	4,100,919	-
Property, plant and equipment	12	78,611	104,744
Intangible assets	13	<u>17,394</u>	<u>34,044</u>
<b>Total non-current assets</b>		<u><b>4,196,924</b></u>	<u><b>138,788</b></u>
<b>Total assets</b>		<u><b>42,323,565</b></u>	<u><b>41,873,692</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	14	<u>13,514,177</u>	<u>4,582,103</u>
<b>Total current liabilities</b>		<u><b>13,514,177</b></u>	<u><b>4,582,103</b></u>
<b>Non-current liabilities</b>			
Provisions	15	<u>44,611</u>	<u>38,327</u>
<b>Total non-current liabilities</b>		<u><b>44,611</b></u>	<u><b>38,327</b></u>
<b>Total liabilities</b>		<u><b>13,558,788</b></u>	<u><b>4,620,430</b></u>
<b>Net assets</b>		<u><b>28,764,777</b></u>	<u><b>37,253,262</b></u>
<b>Accumulated funds</b>			
Endowed funds for perpetual investment		10,000	10,000
General funds	16	<u>28,754,777</u>	<u>37,243,262</u>
<b>Total accumulated funds</b>		<u><b>28,764,777</b></u>	<u><b>37,253,262</b></u>

*The above balance sheet should be read in conjunction with the accompanying notes.*

**Australian Cancer Research Foundation**  
**Statement of changes in accumulated funds**  
**For the year ended 31 December 2011**

	Endowed funds for perpetual investment \$	General funds \$	Total equity \$
<b>Balance at 1 January 2010</b>	10,000	30,822,439	30,832,439
Total comprehensive income for the year	-	6,420,823	6,420,823
	<b>10,000</b>	<b>37,243,262</b>	<b>37,253,262</b>
<b>Balance at 31 December 2010</b>			
<b>Balance at 1 January 2011</b>	10,000	37,243,262	37,253,262
Total comprehensive income for the year	-	(8,488,485)	(8,488,485)
	<b>10,000</b>	<b>28,754,777</b>	<b>28,764,777</b>
<b>Balance at 31 December 2011</b>			

*The above statement of changes in accumulated funds should be read in conjunction with the accompanying notes.*

**Australian Cancer Research Foundation**  
**Cash flow statement**  
For the year ended 31 December 2011

Notes	2011 \$	2010 \$
<b>Cash flows from operating activities</b>		
Receipts in the course of operations	10,555,222	7,992,815
Payments in the course of operations	(2,073,488)	(2,063,374)
Payments in relation to grants	<u>(9,659,421)</u>	<u>(3,210,524)</u>
<b>Net cash inflow (outflow) from operating activities</b>	22 <u>(1,177,687)</u>	<u>2,718,917</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	12 (7,125)	(7,538)
Payments for intangible assets	-	(50,000)
Payments for purchase of financial assets	(38,619,763)	(23,302,560)
Proceeds from disposal of financial assets	38,623,460	16,360,000
Dividends and distributions received	911,334	306,579
Interest received	<u>1,228,610</u>	<u>1,363,403</u>
<b>Net cash (outflow) inflow from investing activities</b>	<u>2,136,516</u>	<u>(5,330,116)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the financial year	9,854,281	(2,611,199)
<b>Cash and cash equivalents at end of year</b>	7 <u>10,813,110</u>	<u>9,854,281</u>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

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## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### *Compliance with IFRS*

Compliance with Australian Accounting Standards (AAS) ensures that the financial statements and notes of Australian Cancer Research Foundation also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with AASB101 *Presentation of Financial Statements*.

#### *Historical cost convention*

These financial statements have been prepared on a going concern basis and under the historical cost convention.

#### *Critical accounting estimates*

Preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. There were no areas involving higher degrees of judgement or complexity, or areas where assumptions and estimates were significant to the financial statements of the Foundation.

### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major activities as follows:

#### *(i) Interest revenue*

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### *(ii) Investment income*

Securities purchased at a discount to face value are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. Income earned on investments is brought to account on an accruals basis.

#### *(iii) Dividends and trust distributions*

Revenue from dividends and trust distributions are recognised when right to receive payment is established. Franking credits from dividends are recognised on a cash basis.

#### *(iv) Donations*

Donations represent monies received into the Foundation's trust bank account.

In common with most organisations dependent on such contributions, the Foundation is unable to establish control over voluntary donations prior to their initial entry into the accounting records.

#### *(v) Committee fundraising activities*

Proceeds from the fundraising activities of the Committees, which are overseen by the Foundation, are brought to account on an accruals basis.

#### *(vi) Bequests*

The Foundation has been nominated as a beneficiary for a number of estates throughout the period. Revenue is recognised when bequests are received by the Foundation.



## 1 Summary of significant accounting policies (continued)

### (c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the acquisition cost of the assets or of an item of expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

### (d) Income tax

The Foundation is exempt from paying income tax. The Foundation holds an endorsement as an income tax exempt charity under subdivision 50-B of the Income Tax Assessment Act 1997.

### (e) Acquisition of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where a bequest is received in the form of investments, these are recognised at fair value at the date acquired.

### (f) Cash and cash equivalents

Cash assets are carried at face value of the amounts deposited. The carrying amount of cash assets approximates net fair value.

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

### (g) Receivables

The recoverability of debts is assessed at year-end and specific provision is made for any doubtful accounts. The carrying amount of receivables approximates net fair value.

### (h) Investments and other financial assets

#### **Classification**

The Foundation classified its investments in the following categories: financial assets at fair value through profit and loss and held-to-maturity financial assets.

#### *(i) Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are the investments held in managed portfolios which are acquired with the intention of making a positive return.

#### *(ii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity. These investments normally have a maturity of more than three months but less than twelve months from the date of acquisition.

## 1 Summary of significant accounting policies (continued)

### (h) Investments and other financial assets (continued)

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

#### *Subsequent measurement*

Held-to-maturity investments are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Foundation's right to receive payments is established.

#### *Fair value*

The fair values of quoted investments are based on current bid prices.

### (i) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. The carrying amount of accounts payable approximates net fair value.

### (j) Employee entitlements

#### *(i) Wages and salaries, annual leave and sick leave*

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance sheet date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

#### *(ii) Long service leave*

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the end of the reporting period.

#### *(iii) Superannuation*

Contributions are made to employee superannuation funds and are charged against income as they are made.

The carrying amount of provisions for employee entitlements approximates net fair value.

### (k) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on non-current assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, fittings and equipment	5 years
Leasehold improvements	5 years
Leased plant and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## 1 Summary of significant accounting policies (continued)

### (k) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

### (l) Grants

Grants are recognised as a liability in the financial statements when the Trustees have approved the provision of a grant to an organisation, the contract has been signed and there are no further conditions that must be met for the grant to be made. Where the Trustees has approved the provision of a grant to an organisation but no contract has been signed, a contingent liability is disclosed in the notes to the financial statements.

### (m) Intangible assets

#### *Website design*

Costs incurred in developing the Foundation's website that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Costs capitalised include external direct costs of materials and service. In the year to 31 December 2009, the Trustees adopted a three year amortisation period due to changes in technology.

### (n) Comparative figures

Where necessary, certain items and balances in the financial statements have been amended to conform to current year presentation.

### (o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2011 reporting periods. The Foundations' assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Foundation's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the foundation does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Foundation will apply the standard from 1 January 2013.

(ii) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Australian Cancer Research Foundation is eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The Foundation intends to apply the amendment from 1 January 2014.

(iii) AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Foundation's disclosures. The Foundation intends to apply the amendment from 1 January 2012.

## 1 Summary of significant accounting policies (continued)

### (o) New accounting standards and interpretations (continued)

(iv) *AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. As the Foundation is tax exempt, this amendment will not impact the financial statements of the Foundation. The Foundation will apply the amendment from 1 January 2012.

(v) *AASB 13 Fair Value Measurement* and *AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Foundation has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Foundation does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 December 2014.

(vi) *Revised AASB 119 Employee Benefits*, *AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and *AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. Since Australian Cancer Research Foundation does not have any defined benefit obligations, the amendments will not have any impact on the Foundation's financial statements. The Foundation will apply the standard from 1 January 2013.

(vii) *AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income* (effective 1 July 2012)

In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Foundation intends to adopt the new standard from 1 January 2013.

(viii) *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

There are no other standards that are not yet effective and that are expected to have a material impact on the Foundation in the current or future reporting periods and on foreseeable future transactions.

## 2 Financial risk management

The Foundation's activities expose it to market risk, credit risk and liquidity risk.

### (a) Market risk

#### (i) Price risk

The Foundation is exposed to equity securities price risk either directly or indirectly through its investment in funds. These investments held by the Foundation are classified on the balance sheet as fair value through profit or loss. The Foundation has an investment committee in place to manage and monitor its price risk including the diversification of its portfolio.

#### (ii) Cash flow and fair value interest rate risk

The Foundation's main interest rate risk arises from its holdings of cash, bank bills and term deposits. There is no material interest rate risk exposure on financial liabilities. During 2011 and 2010, the Foundation's investments were denominated in Australian Dollars.

#### (iii) Sensitivity analysis

The following table summarises the sensitivity of the Foundation's financial assets and financial liabilities to interest rate risk and other price risk. The analysis has been prepared by taking the balances of financial assets and liabilities at reporting date and calculating the sensitivity on profit and equity. The cash, bank bills and term deposits have been analysed using a 1% increase/decrease in interest rates (excluding the impact on cash which is locked at a fixed rate). The investments at fair value have been analysed using a 10% increase/decrease in the security prices of those investments. It is considered that the 1% and 10% sensitivities are reasonably possible at period end.

31 December 2011	Carrying amount \$	Interest rate risk		Price risk	
		-1% Profit \$	+1% Profit \$	-10% Profit \$	+10% Profit \$
<b>Financial assets</b>					
Cash and cash equivalents	10,796,034	(107,960)	107,960	-	-
Investments at fair value	<u>11,928,890</u>	<u>-</u>	<u>-</u>	<u>(1,192,889)</u>	<u>1,192,889</u>
<b>Total increase/ (decrease)</b>		<u>(107,960)</u>	<u>107,960</u>	<u>(1,192,889)</u>	<u>1,192,889</u>

31 December 2010	Carrying amount \$	Interest rate risk		Price risk	
		-1% Profit \$	+1% Profit \$	-10% Profit \$	+10% Profit \$
<b>Financial assets</b>					
Cash and cash equivalents	9,854,281	(98,543)	98,543	-	-
Investments at fair value	<u>10,895,036</u>	<u>-</u>	<u>-</u>	<u>(1,089,504)</u>	<u>1,089,504</u>
<b>Total increase/ (decrease)</b>		<u>(98,543)</u>	<u>98,543</u>	<u>(1,089,504)</u>	<u>1,089,504</u>

### (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits held with banks and financial institutions. The maximum amount that would be exposed to credit risk is \$28,743,840 (2010: \$29,851,128). For banks and financial institutions, only independently rated parties with a high quality rating are used.

### (c) Liquidity risk

In order to monitor liquidity risk, the Trustees monitor forecasts of the Foundation's liquidity reserve on the basis of expected cash flow.

The tables below analyse the Foundation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows.

## 2 Financial risk management (continued)

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
<b>At 31 December 2011</b>				
Sundry creditors and accrued expenses	449,399	-	-	-
Grants payable	<u>12,991,000</u>	-	-	-
	<u>13,440,399</u>	-	-	-
<b>At 31 December 2010</b>				
Sundry creditors and accrued expenses	492,521	-	-	-
Grants payable	<u>4,045,326</u>	-	-	-
	<u>4,537,847</u>	-	-	-

### (d) Fair value measurements

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 January 2009, the Foundation has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quotes prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Foundation's assets and liabilities measured and recognised at fair value at 31 December 2011.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>At 31 December 2011</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading securities	47,254	-	-	47,254
Managed portfolio investments	<u>1,552,967</u>	<u>10,369,828</u>	-	<u>11,922,795</u>
<b>Total assets</b>	<u>1,600,221</u>	<u>10,369,828</u>	-	<u>11,970,049</u>

### At 31 December 2010

<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading securities	51,932	-	-	51,932
Managed portfolio investments	-	<u>10,843,106</u>	-	<u>10,843,106</u>
<b>Total assets</b>	-	<u>10,843,106</u>	-	<u>10,843,106</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Foundation is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Foundation uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. In the circumstances where a valuation technique for these instruments is based on significant observable inputs, such instruments are included in level 3.

### 3 Revenue and fundraising expenses

	2011 \$	2010 \$
<b>Revenue from continuing operations</b>		
Donations	908,530	976,804
Fundraising proceeds (note (a) below)	2,097,597	1,788,602
Bequests	7,171,985	4,807,985
Investment revenue (note (b) below)	2,473,770	2,136,919
Net fair value gains/(losses) on financial assets at fair value through profit and loss	(1,510,463)	(458,895)
Profit on sale of investments	148,073	10,803
Other revenue	320	240
	<b>11,289,812</b>	<b>9,262,458</b>

#### (a) Fundraising proceeds

Income from individual committee fundraising	330,104	335,000
Other fundraising income	1,765,603	1,439,619
Other events	1,890	13,983
	<b>2,097,597</b>	<b>1,788,602</b>

#### Fundraising expenses

Advertising	300,829	267,081
Other fundraising expenses	333,902	253,624
	<b>634,731</b>	<b>520,705</b>

#### (b) Investment revenue

Interest and bank bills discount received	1,639,534	1,361,727
Dividends received	223,983	9,096
Franking credits refunded	139,969	102,358
Managed trusts fund distributions	470,284	663,738
	<b>2,473,770</b>	<b>2,136,919</b>

### 4 (Deficit) / Surplus

	2011 \$	2010 \$
<b>(Deficit) / Surplus before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Property, plant and equipment	33,258	41,924
<i>Amortisation</i>		
Website development	16,650	17,523
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	47,924	47,661
<i>Movement in provision for employee entitlements</i>	39,286	(47,029)

## 5 Grants expense

	2011 \$	2010 \$
Peter MacCallum Cancer Centre	-	144
Royal Melbourne Hospital	-	1,000,000
SA Pathology - CCB	3,500,000	-
Garvan St Vincent's Cancer Centre	5,000,000	-
Western Australian Institute for Medical Research	2,400,000	-
Monash Institute of Medical Research	1,600,000	-
Walter and Eliza Institute of Medical Research	2,000,000	-
Children's Medical Research Institute	3,100,000	-
	<b>17,600,000</b>	<b>1,000,144</b>

Grants are recognised as an expense when a contract for the awarded grant has been signed.

## 6 Remuneration of auditors

The auditor did not receive any remuneration or benefits for audit services during the year.

	2011 \$	2010 \$
<b>Non audit services</b>		
PwC Australian firm		
Non audit services	74,640	70,500
Taxation compliance services	2,060	2,000
<b>Total remuneration for non audit services</b>	<b>76,700</b>	<b>72,500</b>

## 7 Current assets - Cash and cash equivalents

	2011 \$	2010 \$
Cash at bank - accumulated net investment revenues	1,064,566	3,607,857
Cash at bank - funds retained for future research projects	9,748,244	6,246,124
Petty cash	300	300
	<b>10,813,110</b>	<b>9,854,281</b>

Term deposits representing net investment revenues of \$2,503,760 (2010: Nil) are included within Note 9, Current assets - Investments and other financial assets.

All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenues which have been earned by the Foundation. Surplus of expenses in any one year will be funded from accumulated investment revenues.



**8 Current assets - Trade and other receivables**

	2011 \$	2010 \$
General receivables	204,313	581,101
GST receivable	<u>1,335,235</u>	<u>389,370</u>
	<u>1,539,548</u>	<u>970,471</u>

**(a) Past due but not impaired**

As at 31 December 2011, general receivables do not contain impaired assets and are not past due. Based on the credit history of these assets, it is expected that these amounts will be received when due.

**9 Current assets - Investments and other financial assets**

	2011 \$	2010 \$
<b>Bank bills and term deposits - held to maturity</b>		
Accumulated net investment revenues	2,503,760	-
Funds retained for future research projects	<u>11,326,352</u>	<u>19,997,147</u>
	<u>13,830,112</u>	<u>19,997,147</u>
Managed portfolio investments - at fair value through profit or loss	11,881,636	10,843,103
Equity securities - at fair value through profit or loss	<u>47,254</u>	<u>51,933</u>
	<u>25,759,002</u>	<u>30,892,183</u>

**10 Current assets - Other current assets**

	2011 \$	2010 \$
Prepayments	14,581	17,569
Returnable float	200	200
Deposits (security)	<u>200</u>	<u>200</u>
	<u>14,981</u>	<u>17,969</u>

**11 Non-current assets - Investment and other financial assets**

	2011 \$	2010 \$
Term deposits - held to maturity	<u>4,100,919</u>	-

## 12 Non-current assets - Property, plant and equipment

	Furniture and fittings \$	Leasehold improvements \$	Computer equipment \$	Computer software \$	Total \$
<b>At 1 January 2010</b>					
Cost	58,231	47,582	109,693	69,550	285,056
Accumulated depreciation	<u>(20,885)</u>	<u>(47,340)</u>	<u>(74,066)</u>	<u>(3,635)</u>	<u>(145,926)</u>
Net book amount	<u>37,346</u>	<u>242</u>	<u>35,627</u>	<u>65,915</u>	<u>139,130</u>
<b>Year ended 31 December 2010</b>					
Opening net book amount	37,346	242	35,627	65,915	139,130
Additions	667	-	6,871	-	7,538
Depreciation charge	<u>(10,209)</u>	<u>(180)</u>	<u>(17,625)</u>	<u>(13,910)</u>	<u>(41,924)</u>
Closing net book amount	<u>27,804</u>	<u>62</u>	<u>24,873</u>	<u>52,005</u>	<u>104,744</u>
<b>At 31 December 2010</b>					
Cost	58,898	47,582	116,564	69,550	292,594
Accumulated depreciation	<u>(31,094)</u>	<u>(47,520)</u>	<u>(91,691)</u>	<u>(17,545)</u>	<u>(187,850)</u>
Net book amount	<u>27,804</u>	<u>62</u>	<u>24,873</u>	<u>52,005</u>	<u>104,744</u>
<b>Year ended 31 December 2011</b>					
Opening net book amount	27,804	62	24,873	52,005	104,744
Additions	2,372	-	4,753	-	7,125
Depreciation charge	<u>(9,070)</u>	<u>(62)</u>	<u>(10,216)</u>	<u>(13,910)</u>	<u>(33,258)</u>
Closing net book amount	<u>21,106</u>	<u>-</u>	<u>19,410</u>	<u>38,095</u>	<u>78,611</u>
<b>At 31 December 2011</b>					
Cost	61,270	47,582	81,488	69,550	259,890
Accumulated depreciation	<u>(40,164)</u>	<u>(47,582)</u>	<u>(62,078)</u>	<u>(31,455)</u>	<u>(181,279)</u>
Net book amount	<u>21,106</u>	<u>-</u>	<u>19,410</u>	<u>38,095</u>	<u>78,611</u>

**13 Non-current assets - Intangible assets**

	<b>Website development \$</b>
<b>At 1 January 2010</b>	
Cost	4,000
Accumulated amortisation	<u>(2,433)</u>
Net book amount	<u>1,567</u>
<b>Year 31 December 2010</b>	
Opening net book amount	1,567
Additions	50,000
Amortisation charge	<u>(17,523)</u>
Closing net book amount	<u>34,044</u>
<b>At 31 December 2010</b>	
Cost	54,000
Accumulated amortisation	<u>(19,956)</u>
Net book amount	<u>34,044</u>
<b>Year 31 December 2011</b>	
Opening net book amount	34,044
Additions	-
Amortisation charge	<u>(16,650)</u>
Closing net book amount	<u>17,394</u>
<b>At 31 December 2011</b>	
Cost	54,000
Accumulated amortisation	<u>(36,606)</u>
Net book amount	<u>17,394</u>

#### 14 Current liabilities - Payables

	2011 \$	2010 \$
<b>Grants payable</b>		
Royal Prince Alfred Hospital	600,000	600,000
Flinders Medical Centre	-	750,000
Westmead Institute for Cancer Research	-	1,000,000
Queensland Institute of Medical Research	-	1,077,569
Royal Melbourne Hospital	-	250,000
SA Pathology (Centre of Cancer Biology)	2,800,000	-
Western Australian Institute for Medical Research	1,710,000	-
Monash Institute of Medical Research	1,600,000	-
Walter and Eliza Institute of Medical Research	2,000,000	-
Children's Medical Research Institute	3,100,000	-
GST on grants payable	<u>1,181,000</u>	<u>367,757</u>
<b>Total grants payable</b>	<b>12,991,000</b>	<b>4,045,326</b>
Provision for annual leave	77,258	44,256
Sundry creditors and accrued expenses	<u>445,919</u>	<u>492,521</u>
	<u><b>13,514,177</b></u>	<u><b>4,582,103</b></u>

#### Reconciliation of grants payable

	2011 \$	2010 \$
Balance at 1 January	4,045,326	6,560,244
Grants expensed	17,600,000	1,000,144
GST recoverable on grants expensed	1,760,000	100,014
Grants paid	(9,467,569)	(2,918,658)
GST recoverable of grants paid	(946,757)	(291,866)
Grants payable reclassified to current payables	-	(367,774)
GST on grants reclassified to current payables	-	(36,778)
Balance at 31 December	<u><b>12,991,000</b></u>	<u><b>4,045,326</b></u>

### 15 Non-current liabilities - Provisions

	2011	2010
	\$	\$
Employee benefits - long service leave	<u>44,611</u>	<u>38,327</u>

### 16 General funds

	2011	2010
	\$	\$
General funds at beginning of year	37,243,262	30,822,439
Net (deficit) surplus for the year	<u>(8,488,485)</u>	<u>6,420,823</u>
Total general funds	<u>28,754,777</u>	<u>37,243,262</u>

### 17 Contingent liabilities

	2011	2010
	\$	\$
Future grants approved by the Trustees at balance date but agreements not signed:		
Garvan St Vincent's Cancer Centre	-	5,000,000
Centenary Institute	5,000,000	5,000,000
Children's Medical Research Institute (CMRI) & University of Newcastle NSW	-	3,100,000
The Centre for Cancer Biology (CCB), South Australian Pathology and the University of Adelaide	-	3,500,000
Western Australian Institute for Medical Research	-	2,400,000
Walter and Eliza Hall Institute of Medical Research	-	2,000,000
Monash Institute of Medical Research	-	1,600,000
Westmead Institute for Cancer Research	5,000,000	-
Ludwig Institute for Cancer Research	2,000,000	-
St Vincent's Institute for Medical Research	<u>2,000,000</u>	-
	<u>14,000,000</u>	<u>22,600,000</u>

## 18 Related party transactions

Details of the Trustees are disclosed in the Trustees' report. No emoluments were received or due and receivable by the Trustees of the Foundation during this year.

Some Trustees are associated with companies or firms which provide services to the Foundation. The total of invoices rendered is disclosed below:

Myer Family Company professional investment management fees \$88,500 (2010: \$0).

M&C Saatchi advertising fees \$10,479 (2010: \$0).

## 19 Commitments

### Operating leases

	2011	2010
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	61,001	43,013
Later than one year but not later than five years	<u>244,004</u>	<u>-</u>
Commitments not recognised in the financial statements	<u>305,005</u>	<u>43,013</u>

The lease is in relation to the premises occupied by the Foundation and is for a 5 year term expiring on 25 November 2016.

## 20 Members liabilities

The liability of the members is limited to \$100 (2011: \$100).

## 21 Events occurring after the reporting period

There were no significant events occurring after the reporting date requiring disclosure in this financial report.

## 22 Reconciliation of surplus/(deficit) after grants to net cash inflow from operating activities

	2011	2010
	\$	\$
(Deficit)/surplus for the year	(8,488,485)	6,420,823
Depreciation and amortisation	49,908	59,447
Dividend and distributions income	(834,236)	(672,834)
Interest income	(1,639,534)	(997,148)
Net fair value (gains)/losses on sale of financial assets	(148,073)	(10,803)
Fair value adjustment to investments	1,510,463	458,895
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(569,076)	(47,257)
Decrease/(increase) in other operating assets	2,988	(496)
(Decrease)/increase in trade and grants payables	8,945,674	(2,240,446)
(Decrease)/increase in other operating liabilities	<u>(7,316)</u>	<u>(251,264)</u>
Net cash inflow (outflow) from operating activities	<u>(1,177,687)</u>	<u>2,718,917</u>

### 23 Information and declaration to be furnished under the Charitable Fundraising Act 2008

The following information is included to comply with the Charitable Fundraising Act 2008.

As in previous years the Foundation has complied with the Charitable Fundraising Act with respect to expenses recognised as costs of fundraising activities. Those costs that are directly attributable to fundraising activities, and can be reliably identified as such, have been included as a cost of fundraising activities in this note. This provides a comparatively more accurate measure of the Foundation's fundraising performance from year to year.

**(a) Statement of income and expenditure of all fundraising activities conducted during the financial year**

	2011	2010
	\$	\$
<b>Gross proceeds from fundraising activities</b>		
Donations - Corporate and private	903,269	960,394
Donations - Committees	164,082	16,410
Bequests	7,171,985	4,807,985
Proceeds from fundraising activities	<u>1,938,776</u>	<u>1,788,602</u>
	<b>10,178,112</b>	<b>7,573,391</b>
<b>Less: Totals cost of fundraising activities</b>		
Advertising	300,829	267,081
Business development	88,302	63,322
Employee expenses	612,161	476,134
Events management	37,563	5,601
Printing, postage & stationery	27,357	48,161
Promotion expenses	25,756	39,960
Other fundraising activities	<u>154,924</u>	<u>96,580</u>
	<b>1,246,892</b>	<b>996,839</b>
	<u><b>8,931,220</b></u>	<u><b>6,576,552</b></u>

## 23 Information and declaration to be furnished under the Charitable Fundraising Act 2008 (continued)

### (b) Information on any material occurrence

The Foundation is not aware of any material matter or occurrence, including those of an adverse nature affecting the conduct of and financial results of fundraising activities during the year.

### Statement on the application of funds to charitable purposes

The current policy of the Foundation is to make medical research grants upwards from a minimum of \$1.5 million (2010: \$1.5 million) each to selected research units. The selection process, which is carried out by the Foundation's Medical Research Advisory Committee, can extend over a period of one year or more.

During the year the Foundation received net income of \$8,931,220 (2010: \$6,576,553) from fundraising and a net gain of \$1,152,539 (2010: net gain of \$1,678,024) from the investment of fundraising monies and from other sources.

All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenues which have been earned by the Foundation.

Accumulated net investment revenue held in cash at bank and term deposits which are available to meet future expenses of the Foundation amount to \$3,568,326 (2010: \$3,607,857).

Medical research grants expensed during the year totalled \$17,600,000 (2010: \$1,000,144). Administration costs incurred during the year totalled \$931,403 (2010: \$844,651). The deficit for the year of \$8,488,485 (2010: Surplus of \$6,420,823) was applied against general funds.

### List of all forms of fundraising appeals conducted during the financial year

Direct mail  
Regular direct debit donations  
Corporate donations  
Private donations and bequests  
Third party fundraising

### (c) Comparison by monetary figures and percentages

	2011 \$	2010 \$	2011 %	2010 %
<b>Total cost of fundraising**</b>	<u>1,246,892</u>	<u>996,839</u>	12	13
Gross income from fundraising	10,178,112	7,573,391		
<b>Net surplus from fundraising</b>	<u>8,931,220</u>	<u>6,576,543</u>	88	87
Gross income from fundraising	10,178,112	7,573,391		
<b>Total cost of service*</b>	<u>17,600,000</u>	<u>1,000,144</u>	89	35
Total expenditure	19,778,297	2,841,635		
<b>Total cost of service*</b>	<u>17,600,000</u>	<u>1,000,144</u>	156	11
Total income received from fundraising and investment	11,289,812	9,262,458		

\* "Total cost of service" relates to amounts expensed on direct services in accordance with the objectives or purposes of the Foundation, that is, to provide cancer research grants.

\*\* These costs have been fully funded from the accumulated returns from investments earned by the Foundation. No donations have been used to fund any fundraising and/or operational costs.

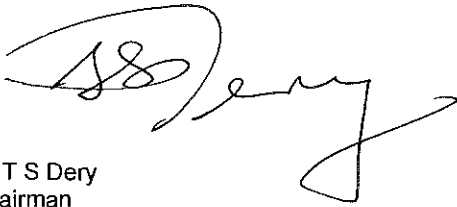


In the Trustees' opinion:

- (a) the financial statements and notes set out on pages 8 to 30 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2011 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Trustees.



Mr T S Dery  
Chairman



Mr S R Rix  
Trustee

Sydney  
22 March 2012

30  


## Declaration by Chairman in respect of fundraising appeals

Declared opinion

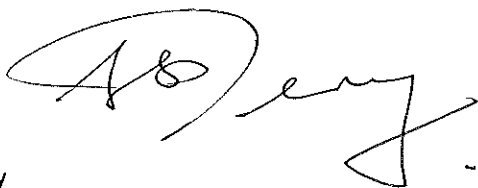
I, T S Dery, Chairman of the Board of Trustees of the Australian Cancer Research Foundation, declare in my opinion:

(a) the financial report gives a true and fair view of all income and expenditure of Australian Cancer Research Foundation with respect to fundraising appeal activities for the financial year ended 31 December 2011;

(b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2011;

(c) the provisions of the Charitable Fundraising (NSW) Act 2008 and the Regulations and conditions attached to the authority have been complied with for the financial year ended 31 December 2011; and

(d) the internal controls exercised by Australian Cancer Research Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



T S Dery  
Chairman

Sydney  
~~22~~ March 2012

30  






## **Independent auditor's report to the members of Australian Cancer Research Foundation**

### ***Report on the financial report***

We have audited the accompanying financial report of Australian Cancer Research Foundation (the Foundation), which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the trustees' declaration.

### ***Trustees' responsibility for the financial report***

The trustees 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 and the *Corporations Act 2001* and for such internal control as the trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the trustees also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### ***Auditor's responsibility***

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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## ***Independent auditor's report to the members of Australian Cancer Research Foundation (continued)***

### ***Basis for qualified auditor's opinion***

Cash from donations and other fundraising activities are a significant source of revenue for the Foundation. The Foundation's trustees have determined that it is impracticable to establish controls over the collection of revenue from these sources prior to entry into its financial records. Accordingly as the evidence available to us regarding revenue from cash donations and other fundraising activities was limited, our audit procedure with respect to revenue from these sources had to be restricted to the amounts recorded in the Foundation's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

### ***Qualified auditor's opinion***

In our opinion, except for the possible effects of the matter described in the Basis for qualified auditor's opinion paragraph:

- (a) the financial report of Australian Cancer Research Foundation is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

## ***Report on the requirements of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulations 2008 and the requirements of the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947)***

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008* (Regulations) and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

The accounting records and data relied upon for the fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for the year end financial report preparation. The performance of our statutory audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial statements. This review is not a comprehensive



***Independent auditor's report to the members of  
Australian Cancer Research Foundation (continued)***

review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems.

***Auditor's opinion***

In our opinion:

(a) the financial report has been properly drawn up and associated records have been properly kept, during the financial year ended 31 December 2011, in all material respects, in accordance with:

- (i) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*; and
- (ii) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*.

(b) the financial report and associated records have been properly kept, during the financial year ended 31 December 2011, in all material respects, in accordance with:

- (i) the *WA Charitable Collections Act (1946)*; and
- (ii) the *WA Charitable Collections Regulations (1947)*.

(c) the money received as a result of fundraising appeals conducted by the Foundation during the financial year ended 31 December 2011 has been properly accounted for and applied in accordance with the above mentioned Acts and Regulations.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over the printed name.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Marcus Laithwaite', is written over the printed name.

Marcus Laithwaite  
Partner

Sydney  
30 March 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Australian Cancer Research Foundation for the year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Cancer Research Foundation during the period.

A handwritten signature in blue ink, appearing to read 'M. Laithwaite', is written over the typed name.

Marcus Laithwaite  
Partner  
PricewaterhouseCoopers

Sydney  
30 March 2012