

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

ABN 27 076 461 360

Annual report
for the year ended 31 December 2012

Australian Cancer Research Foundation ABN 27 076 461 360
Annual report - 31 December 2012

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Trustees' report

The Trustees present their report together with the financial report of Australian Cancer Research Foundation ("the Foundation" or "ACRF") for the year ended 31 December 2012 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, unless otherwise stated:

Mr John Boettcher OAM (passed away 7 September 2012)
Mr Greg Camm
Mr Russell Caplan
Mr Tim Crommelin
Mr Tom Dery
Mr Carrillo Gantner AO
Mr Stephen Gerlach AM
Ms Jennifer Hewett (appointed 20 September 2012)
Air Chief Marshal Angus Houston AC, AFC (Retired)
Mr Peter Jones
Mr James Millar AM
Mr Simon Perrott
Mr Stephen Rix
Sir Ian Turbott AO, CMG, CVO
Dr John Yu AC

Mr John Boettcher OAM was a Trustee from the beginning of the financial year until his death on 7 September 2012.

Information on Trustees

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

Other positions held and current directorships

- Deputy Chair iSelect Ltd
- Director Bottlecyclers Pty Ltd
- Director MECU Ltd
- Former Chief Executive Officer Superpartners Pty Ltd

Mr Russell Caplan LLB, FAICD FAIM. Trustee since 24 March 2011

Other positions held and current directorships

- Non-executive Director Orica Limited
- Non-executive Director Aurizon Holdings 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
- Director St Kilda Football Club

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
- Chair Investment Advisory Board of the Australian National University
- Member Senate University of Queensland
- Director A P Eagers Limited
- Director Senex Energy Limited

Information on Trustees (continued)

Mr Tom Dery BCom (Econ) (University of New South Wales); MBA (Stanford). *Trustee since 1 April 1994*

Other positions held and current directorships

- Worldwide Chairman, 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 (University of Melbourne); Master of Fine Arts (Stanford); Grad Dip Arts Admin (Harvard). *Trustee since 6 December 2000*

Other positions held and current directorships

- President 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
- 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

- Director Beston Pacific Asset Management Pty Ltd Group
- Director The General Sir John Monash Foundation Ltd
- Chair Foodbank SA Inc
- Director Foodbank Australia Ltd
- Chancellor Flinders University
- Member AICD Corporate Governance Committee

Ms Jennifer Hewett. *Trustee since 20 September 2012*

Other positions held and current directorships

- National Affairs Columnist The Australian Financial Review

Information on Trustees (continued)

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

Other positions held and current directorships

- Chair Anzac Centenary Advisory Board
- Chair Air Services Australia
- Chair Order of Australia Council
- Chair Queensland Mind and Neuroscience Institute Foundation (from May 2012)
- Defence South Australia Board Member (from July 2012)
- Canberra Symphony Orchestra Board member (from October 2012)

Mr Peter Jones LLB, University of Technology, Sydney. BSurv, University of NSW. *Trustee since 2 June 2005*

Other positions held and current directorships

- Deputy General Counsel Reserve Bank of Australia
- Former General Counsel and Company Secretary Tassal Group Limited

Mr James Millar AM B.Com (University of New South Wales), FCA, FAICD. *Trustee since 2 June 2005*

Other positions held and current directorships

- Chair The Smith Family
- Chair Fantastic Holdings Limited
- Director Fairfax Media Limited
- Director Jetset Travelworld Limited, Chair of Audit Committee
- Director Mirvac Limited, Chair of Audit Committee
- Director Vincent Fairfax Family Foundation
- Member External Advisory Panel, Australian Securities Investment Commission
- 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

- Chair Investment Banking CIMB
- Chair Poetry in Action

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

Other positions held and current directorships

- Chair Travelex Asia-Pacific
- Director Bennelong Funds Management Ltd
- Director Allen & Unwin Pty Limited

Sir Ian Turbott AO, CMG, CVO. Hon D Litt (University of Western Sydney). *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 The University of Western Sydney

Information on Trustees (continued)

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 of the Centre of Asian Art and Archaeology (Sydney University)
- 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 committee	
	A	B	A	B
Mr John Boettcher OAM (passed away 7 September 2012)	2	1	0	0
Mr Greg Camm	4	2	0	0
Mr Russell Caplan	4	4	0	0
Mr Tim Crommelin	4	2	4	4
Mr Tom Dery	4	4	4	4
Mr Carrillo Gantner AO	4	3	0	0
Mr Stephen Gerlach AM	4	2	0	0
Ms Jennifer Hewett (appointed 20 September 2012)	1	1	0	0
Air Chief Marshal Angus Houston AC, AFC (Retired)	4	3	-	-
Mr Peter Jones	4	4	0	0
Mr James Millar AM	4	1	4	1
Mr Simon Perrott	4	2	4	2
Mr Stephen Rix	4	4	4	4
Sir Ian Turbott AO, CMG, CVO	4	0	0	0
Dr John Yu AC	4	3	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 \$8,922,786 (2011: surplus of \$9,111,515). Deficit after grants expense was \$77,214 (2011: deficit of \$8,488,485). 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. 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, Investment 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.

Measurement of performance

The success is measured through pre-determined objectives for each year which become our Key Performance Indicators (KPIs). Each month, we monitor our fundraising results against a cashflow budget. Set below are the KPIs:

- Strict compliance with all regulatory and standard acceptable business practices
- Effective overall management of the organisation
- Achieve annual projected fundraising targets, notably for non-bequests income
- Meet pre-agreed and acceptable expense ratios for fundraising
- Meet annual projected dollar costs for fundraising
- Meet annual budgeted operating profits
- Compliance with agreed guidelines for the awarding of research grants, that is appropriate and high-class research projects
- Growth in overall community awareness of ACRF.

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 2012 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

During the financial year, the Foundation submitted application for .cancerresearch top level domain to Internet Corporation for Assigned Names and Numbers ("ICANN"). The status of the application is yet to be known at reporting date.

On 31 October 2012, Australian Charities and Not-for-profits Commission ("ACNC") was established under Commonwealth legislation. Under the legislation, not-for-profit entities will be required to comply with specific governance standards and reporting requirements that will bring clarity and consistency to their financial statements. Accordingly, the Foundation, as one of the registered charities, will have to comply with ACNC governance requirements from July 2013 onwards.

The Foundation will have to lodge an annual information statement with the ACNC for financial year ending 31 December 2013 and lodge annual information statement plus a financial report from financial year ending 31 December 2014 onwards.

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 2012. 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, except as otherwise disclosed in note 18 of the financial statements, Related party transactions.

Grants paid and awarded

In 2012 the Foundation paid grants (excluding GST) totalling \$12,420,000 (2011: \$9,535,345) as listed below.

	2012 \$	2011 \$
Children's Medical Research Institute	3,100,000	-
Ludwig Institute for Cancer Research	1,500,000	-
Monash Institute for Medical Research	800,000	-
Walter and Eliza Hall Institute of Medical Research	2,000,000	-
St Vincent's Institute for Medical Research	2,000,000	-
Flinders Medical Centre	-	750,000
Royal Melbourne Hospital	-	250,000
Westmead Institute for Cancer Research	-	1,000,000
SA Pathology (The Centre of Cancer Biology)	2,100,000	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	920,000	690,000
	<u>12,420,000</u>	<u>9,535,345</u>

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

	2012 \$	2011 \$
Peter MacCallum Cancer Centre	3,500,000	-
University of Queensland Centre for Clinical Research	2,000,000	-
Diamantina Institute for Cancer	2,000,000	-
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
	<u>7,500,000</u>	<u>9,000,000</u>

At year end all 2012 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

If the Foundation is wound up, its constitution states that each member is required to contribute a maximum of \$100 towards meeting outstanding obligations of the Foundation. At reporting date, there were 46 members of the Foundation.

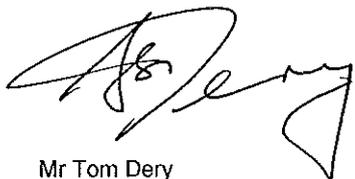
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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 Tom Dery
Chairman



Mr Stephen Rix
Trustee

Sydney
9 April 2013



Auditor's Independence Declaration

As lead auditor for the audit of Australian Cancer Research Foundation for the year ended 31 December 2012, 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 black ink, appearing to read 'M Laithwaite', is written over the printed name.

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Sydney
9 April 2013

Australian Cancer Research Foundation ABN 27 076 461 360

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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 statements were authorised for issue by the Trustees on April 2013. The Trustees have the power to amend and reissue the financial statements.

**Australian Cancer Research Foundation
Statement of comprehensive income
For the year ended 31 December 2012**

	Notes	2012 \$	2011 \$
Revenue from continuing operations	3	11,129,676	11,289,812
Employee benefits expense		(986,343)	(1,065,822)
Fundraising expenses	3	(681,876)	(634,731)
Office and premises expenses		(165,762)	(161,888)
Consultancy fees		(91,249)	(72,308)
Management fees		(118,000)	(88,500)
Other expenses		(163,660)	(155,048)
Surplus for the year before grants		<u>8,922,786</u>	9,111,515
Grants expense		<u>(9,000,000)</u>	<u>(17,600,000)</u>
Net deficit for the year		<u>(77,214)</u>	<u>(8,488,485)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive deficit for the year		<u>(77,214)</u>	<u>(8,488,485)</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 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	6,641,521	10,813,110
Trade and other receivables	8	1,188,820	1,539,548
Investments	9	27,505,948	25,759,002
Other current assets	10	42,847	14,981
Total current assets		<u>35,379,136</u>	<u>38,126,641</u>
Non-current assets			
Held-to-maturity investments	11	2,429,660	4,100,919
Property, plant and equipment	12	30,906	40,516
Intangible assets	13	24,929	55,489
Other non-current assets	14	561,756	-
Total non-current assets		<u>3,047,251</u>	<u>4,196,924</u>
Total assets		<u>38,426,387</u>	<u>42,323,565</u>
LIABILITIES			
Current liabilities			
Payables	15	9,685,354	13,514,177
Total current liabilities		<u>9,685,354</u>	<u>13,514,177</u>
Non-current liabilities			
Provisions	16	53,470	44,611
Total non-current liabilities		<u>53,470</u>	<u>44,611</u>
Total liabilities		<u>9,738,824</u>	<u>13,558,788</u>
Net assets		<u>28,687,563</u>	<u>28,764,777</u>
Accumulated funds			
Endowed funds for perpetual investment		10,000	10,000
General funds	17	28,677,563	28,754,777
Total accumulated funds		<u>28,687,563</u>	<u>28,764,777</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 2012**

	Endowed funds for perpetual investment \$	General funds \$	Total equity \$
Balance at 1 January 2011	10,000	37,243,262	37,253,262
Deficit for the year	-	(8,488,485)	(8,488,485)
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>(8,488,485)</u>	<u>(8,488,485)</u>
Balance at 31 December 2011	<u>10,000</u>	<u>28,754,777</u>	<u>28,764,777</u>
Balance at 1 January 2012	10,000	28,754,777	28,764,777
Deficit for the year	-	(77,214)	(77,214)
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>(77,214)</u>	<u>(77,214)</u>
Balance at 31 December 2012	<u>10,000</u>	<u>28,677,563</u>	<u>28,687,563</u>

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

**Australian Cancer Research Foundation
Statement of cash flows
For the year ended 31 December 2012**

	2012	2011
Notes	\$	\$
Cash flows from operating activities		
Receipts in the course of operations	7,722,895	10,555,222
Payments in the course of operations	(2,226,219)	(2,073,488)
Payments in relation to grants	<u>(12,332,500)</u>	<u>(9,659,421)</u>
Net cash outflow from operating activities	23 <u>(6,835,824)</u>	<u>(1,177,687)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	12 (8,372)	(7,125)
Payments for domain name license application	(261,756)	-
Payments for security deposit on domain name license application	(300,000)	-
Payments for purchase of financial assets	(24,858,782)	(38,619,763)
Proceeds from disposal of financial assets	26,031,469	38,623,460
Dividends and distributions received	737,053	911,334
Interest received	<u>1,324,623</u>	<u>1,228,610</u>
Net cash inflow from investing activities	<u>2,664,235</u>	<u>2,136,516</u>
Net (decrease) increase in cash and cash equivalents		
	(4,171,589)	958,829
Cash and cash equivalents at the beginning of the financial year	<u>10,813,110</u>	<u>9,854,281</u>
Cash and cash equivalents at end of year	7 <u>6,641,521</u>	<u>10,813,110</u>

The above statement of cash flows 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 statements 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 and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Australian Cancer Research Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The financial statements of the Australian Cancer Research Foundation also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

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

(iii) 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) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Foundation's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Australian Cancer Research Foundation's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, when the Foundation is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

The Foundation's investments are managed by fund managers who report to the Foundation on a monthly basis.

Investment income is brought to account on an accrual basis.

Changes in fair value of investments are recorded in accordance with the policies described in note 1(j).

(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 accrual basis.

(iv) Donations

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

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 controlled by the Foundation, are brought to account on an accruals basis.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(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.

(d) 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.

(e) 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.

(f) 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.

(g) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

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

(i) Receivables

Receivables are recognised initially at fair value less provision for impairment. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses.

(j) 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.

1 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

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

Financial assets at fair value through profit or loss are the investments held in equities and 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. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

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.

Measurement

At initial recognition, the Foundation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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 revenue from continuing operations 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.

(k) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Foundation is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques from the investment manager.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature.

(l) Payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) 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.

1 Summary of significant accounting policies (continued)

(m) Employee entitlements (continued)

(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.

(n) 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.

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.

(o) 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 have 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.

(p) Intangible assets

(i) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Amortisation is calculated on a straight-line basis over periods of 5 years.

(ii) 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. The Trustees adopted a three year amortisation period due to changes in technology since 2009.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Foundation as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(r) Comparative figures

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

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 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*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Foundation's accounting for its available-for-sale financial assets, since 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. In the current reporting period, the Foundation does not have any available-for-sale financial assets.

Held-to-maturity investments will be carried at amortised cost under AASB 9 and hence there will be no impact on the Foundation's accounting policy for its held-to-maturity investments.

The Foundation has not yet decided when to adopt AASB 9. The Trustees does not expect this will have a significant impact on the Foundation's financial statements as the Foundation does not hold any available-for-sale investments. The Foundation will need to classify its investments as either amortised cost or fair value at the time of AASB 9 adoption.

(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 or early adopt the new Australian Accounting Standards - Reduced Disclosure Requirements.

(iii) 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.

(iv) 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.

(v) 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.

1 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations (continued)

(vi) AASB 2012-3 *Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities* and AASB 2012-2 *Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective 1 January 2014 and 1 January 2013 respectively)

In June 2012, the AASB approved amendments to the application guidance in AASB 132 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the Foundation will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Foundation intends to apply the new rules for the first time in the financial year commencing 1 January 2013.

(vii) AASB 2012-5 *Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle* (effective for annual periods beginning on or after 1 January 2013)

In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The Foundation will apply the amendments from 1 January 2013. The Foundation does not expect that any adjustments will be necessary as the result of applying the revised rules.

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 equities and 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 2012 and 2011, 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.

	Carrying amount \$	Interest rate risk		Price risk	
		-1%	+1%	-10%	+10%
31 December 2012		Profit \$	Profit \$	Profit \$	Profit \$
Financial assets					
Cash and cash equivalents	6,624,446	(66,244)	66,244	-	-
Investments at fair value	<u>12,250,795</u>	<u>-</u>	<u>-</u>	<u>(1,225,080)</u>	<u>1,225,080</u>
Total Increase/ (decrease)		<u>(66,244)</u>	<u>66,244</u>	<u>(1,225,080)</u>	<u>1,225,080</u>
31 December 2011		Profit \$	Profit \$	Profit \$	Profit \$
Financial assets					
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>
Total increase/ (decrease)		<u>(107,960)</u>	<u>107,960</u>	<u>(1,192,889)</u>	<u>1,192,889</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 \$24,626,034 (2011: \$28,743,840). For banks and financial institutions, only independently rated parties with a high quality rating are used. The most recent rating assigned by Fitch to the Foundation's banks and financial institutions is AA-.

2 Financial risk management (continued)

(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.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
At 31 December 2012				
Sundry creditors and accrued expenses	60,865	-	-	-
Grants payable	<u>9,559,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,619,865</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2011

Sundry creditors and accrued expenses	115,919	-	-	-
Grants payable	<u>13,321,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13,436,919</u>	<u>-</u>	<u>-</u>	<u>-</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.

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 2012.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2012				
Assets				
Financial assets at fair value through profit or loss				
Equity investments	59,031	-	-	59,031
Managed portfolio investments	<u>695,785</u>	<u>11,495,979</u>	<u>-</u>	<u>12,191,764</u>
Total assets	<u>754,816</u>	<u>11,495,979</u>	<u>-</u>	<u>12,250,795</u>

At 31 December 2011

Assets				
Financial assets at fair value through profit or loss				
Equity investments	47,254	-	-	47,254
Managed portfolio investments	<u>1,552,967</u>	<u>10,328,669</u>	<u>-</u>	<u>11,881,636</u>
Total assets	<u>1,600,221</u>	<u>10,328,669</u>	<u>-</u>	<u>11,928,890</u>

2 Financial risk management (continued)

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 from the investment manager.

3 Revenue and fundraising expenses

	2012	2011
	\$	\$
Revenue from continuing operations		
Donations	1,178,313	908,530
Fundraising proceeds (note (a) below)	2,482,471	2,097,597
Bequests	4,089,014	7,171,985
Investment revenue (note (b) below)	2,131,454	2,473,770
Net fair value gains/(losses) on financial assets at fair value through profit and loss	1,308,984	(1,510,463)
(Losses)/gains on sale of investments	(60,610)	148,073
Other revenue	50	320
	<u>11,129,676</u>	<u>11,289,812</u>
 (a) Fundraising proceeds		
Income from individual committee fundraising	375,610	330,104
Other fundraising income	2,103,339	1,765,603
Other events	3,522	1,890
	<u>2,482,471</u>	<u>2,097,597</u>
 Fundraising expenses		
Advertising	279,195	300,829
Other fundraising expenses	402,681	333,902
	<u>681,876</u>	<u>634,731</u>
 (b) Investment revenue		
Interest and bank bills discount received	1,330,387	1,639,534
Dividends received	7,185	223,983
Franking credits refunded	112,216	139,969
Managed trusts fund distributions	681,666	470,284
	<u>2,131,454</u>	<u>2,473,770</u>

4 Expenses

	2012	2011
	\$	\$
Surplus before grants expense includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	<u>17,982</u>	<u>19,348</u>
Total depreciation	<u>17,982</u>	<u>19,348</u>
<i>Amortisation</i>		
Computer software	<u>13,910</u>	<u>13,910</u>
Website development	<u>16,650</u>	<u>16,650</u>
Total amortisation	<u>30,560</u>	<u>30,560</u>
Total depreciation and amortisation	<u>48,542</u>	<u>49,908</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	61,352	47,924
<i>Movement in provision for employee entitlements</i>	(2,910)	39,286

5 Grants expense

	2012	2011
	\$	\$
St. Vincent's Institute for Medical Research	2,000,000	-
Ludwig Institute for Cancer Research	2,000,000	-
Westmead Millenium Institute for Medical Research	5,000,000	-
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
	<u>9,000,000</u>	<u>17,600,000</u>

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

6 Remuneration of auditor

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

The following fees were paid or payable for non audit services during the year.

	2012	2011
	\$	\$
Non audit services		
PwC Australian firm		
Accounting services	89,189	70,248
Taxation compliance services	<u>2,060</u>	<u>2,060</u>
Total remuneration for non audit services	<u>91,249</u>	<u>72,308</u>

7 Current assets - Cash and cash equivalents

	2012	2011
	\$	\$
Cash at bank - accumulated net investment revenues	364,112	1,064,566
Cash at bank - funds retained for future research projects	6,277,109	9,748,244
Petty cash	<u>300</u>	<u>300</u>
	<u>6,641,521</u>	<u>10,813,110</u>

Term deposits representing net investment revenues of \$2,533,686 (2011: \$2,503,760) 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

	2012	2011
	\$	\$
Dividends and distributions receivable	148,707	140,158
Donations receivable	28,091	1,138
Franking credits receivable	112,216	56,750
Interest receivables	12,031	6,267
GST receivable	<u>887,775</u>	<u>1,335,235</u>
	<u>1,188,820</u>	<u>1,539,548</u>

(a) Past due but not impaired

As at 31 December 2012, general receivables do not contain impaired assets and are not past due.

9 Current assets - Investments

	2012	2011
	\$	\$
Bank bills and term deposits - held to maturity		
Accumulated net investment revenues	2,533,686	2,503,760
Funds retained for future research projects	<u>12,721,467</u>	<u>11,326,352</u>
	<u>15,255,153</u>	<u>13,830,112</u>
Managed portfolio investments - at fair value through profit or loss	12,191,764	11,881,636
Equity securities - at fair value through profit or loss	<u>59,031</u>	<u>47,254</u>
	<u>27,505,948</u>	<u>25,759,002</u>

10 Current assets - Other current assets

	2012	2011
	\$	\$
Prepayments	42,447	14,581
Returnable float	200	200
Deposits (security)	<u>200</u>	<u>200</u>
	<u>42,847</u>	<u>14,981</u>

11 Non-current assets - Investments

	2012	2011
	\$	\$
Term deposits - held to maturity	<u>2,429,660</u>	<u>4,100,919</u>

12 Non-current assets - Property, plant and equipment

	Furniture and fittings \$	Leasehold improvements \$	Computer equipment \$	Total \$
At 1 January 2011				
Cost	58,898	47,582	116,564	223,044
Accumulated depreciation	<u>(31,094)</u>	<u>(47,520)</u>	<u>(91,691)</u>	<u>(170,305)</u>
Net book amount	<u>27,804</u>	<u>62</u>	<u>24,873</u>	<u>52,739</u>
Year ended 31 December 2011				
Opening net book amount	27,804	62	24,873	52,739
Additions	2,372	-	4,753	7,125
Depreciation charge	<u>(9,070)</u>	<u>(62)</u>	<u>(10,216)</u>	<u>(19,348)</u>
Closing net book amount	<u>21,106</u>	<u>-</u>	<u>19,410</u>	<u>40,516</u>
At 31 December 2011				
Cost	61,270	47,582	81,488	190,340
Accumulated depreciation	<u>(40,164)</u>	<u>(47,582)</u>	<u>(62,078)</u>	<u>(149,824)</u>
Net book amount	<u>21,106</u>	<u>-</u>	<u>19,410</u>	<u>40,516</u>
Year ended 31 December 2012				
Opening net book amount	21,106	-	19,410	40,516
Additions	5,775	-	2,597	8,372
Depreciation charge	<u>(9,279)</u>	<u>-</u>	<u>(8,703)</u>	<u>(17,982)</u>
Closing net book amount	<u>17,602</u>	<u>-</u>	<u>13,304</u>	<u>30,906</u>
At 31 December 2012				
Cost	67,045	47,582	84,085	198,712
Accumulated depreciation	<u>(49,443)</u>	<u>(47,582)</u>	<u>(70,781)</u>	<u>(167,806)</u>
Net book amount	<u>17,602</u>	<u>-</u>	<u>13,304</u>	<u>30,906</u>

13 Non-current assets - Intangible assets

	Computer software \$	Website development \$	Total \$
At 1 January 2011			
Cost	69,550	54,000	123,550
Accumulated amortisation	<u>(17,545)</u>	<u>(19,956)</u>	<u>(37,501)</u>
Net book amount	<u>52,005</u>	<u>34,044</u>	<u>86,049</u>
Year 31 December 2011			
Opening net book amount	52,005	34,044	86,049
Amortisation charge	<u>(13,910)</u>	<u>(16,650)</u>	<u>(30,560)</u>
Closing net book amount	<u>38,095</u>	<u>17,394</u>	<u>55,489</u>
At 31 December 2011			
Cost	69,550	54,000	123,550
Accumulated amortisation	<u>(31,455)</u>	<u>(36,606)</u>	<u>(68,061)</u>
Net book amount	<u>38,095</u>	<u>17,394</u>	<u>55,489</u>
Year 31 December 2012			
Opening net book amount	38,095	17,394	55,489
Amortisation charge	<u>(13,910)</u>	<u>(16,650)</u>	<u>(30,560)</u>
Closing net book amount	<u>24,185</u>	<u>744</u>	<u>24,929</u>
At 31 December 2012			
Cost	69,550	54,000	123,550
Accumulated amortisation	<u>(45,365)</u>	<u>(53,256)</u>	<u>(98,621)</u>
Net book amount	<u>24,185</u>	<u>744</u>	<u>24,929</u>

14 Non-current assets - Other non-current assets

	2012 \$	2011 \$
Prepaid domain name license application	261,756	-
Security deposit	<u>300,000</u>	<u>-</u>
	<u>561,756</u>	<u>-</u>

Security deposit represents interest bearing, irrevocable cash escrow account in relation to domain name license application.

15 Current liabilities - Payables

	2012	2011
	\$	\$
Grants payable		
Royal Prince Alfred Hospital	900,000	900,000
Ludwig Institute for Cancer Research	500,000	-
Westmead Millenium Institute for Medical Research	5,000,000	-
SA Pathology (Centre of Cancer Biology)	700,000	2,800,000
Western Australian Institute for Medical Research	790,000	1,710,000
Monash Institute of Medical Research	800,000	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>869,000</u>	<u>1,211,000</u>
Total grants payable	9,559,000	13,321,000
Provision for annual leave	65,489	77,258
Sundry creditors and accrued expenses	<u>60,865</u>	<u>115,919</u>
	<u>9,685,354</u>	<u>13,514,177</u>

Reconciliation of grants payable

	2012	2011
	\$	\$
Balance at 1 January	13,321,000	4,375,326
Grants expensed	9,000,000	17,600,000
GST recoverable on grants expensed	900,000	1,760,000
Grants paid	(12,420,000)	(9,467,569)
GST recoverable of grants paid	<u>(1,242,000)</u>	<u>(946,757)</u>
Balance at 31 December	<u>9,559,000</u>	<u>13,321,000</u>

16 Non-current liabilities - Provisions

	2012	2011
	\$	\$
Employee benefits - long service leave	<u>53,470</u>	<u>44,611</u>

17 General funds

	2012	2011
	\$	\$
General funds at beginning of year	28,754,777	37,243,262
Net deficit for the year	<u>(77,214)</u>	<u>(8,488,485)</u>
Total general funds	<u>28,677,563</u>	<u>28,754,777</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 \$118,000 (2011: \$88,500).

M&C Saatchi advertising fees \$45 (2011: \$10,479).

19 Commitments

Operating leases

	2012	2011
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	65,271	61,001
Later than one year but not later than five years	<u>195,813</u>	<u>244,004</u>
Commitments not recognised in the financial statements	<u>261,084</u>	<u>305,005</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 Contingencies

(a) Contingent liabilities

The Foundation had contingent liabilities at 31 December 2012 in respect of:

(i) Grants

	2012	2011
	\$	\$
Future grants approved by the Trustees at balance date but agreements not signed:		
Peter MacCallum Cancer Centre	3,500,000	-
University of Queensland Centre for Clinical Research	2,000,000	-
Diamantina Institute for Cancer	2,000,000	-
Centenary Institute	5,000,000	5,000,000
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
	<u>12,500,000</u>	<u>14,000,000</u>

(ii) Contingent consideration

An additional contingent consideration of USD177,000 in respect of the domain name license application may be payable in cash within 1 year upon the approval of the application (note 14). In subsequent years, the estimated annual contingent liability will be USD157,000.

21 Members liabilities

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

22 Events occurring after the reporting period

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

23 Reconciliation of deficit after grants to net cash outflow from operating activities

	2012	2011
	\$	\$
Deficit for the year	(77,214)	(8,488,485)
Depreciation and amortisation	48,542	49,908
Dividend and distributions income	(801,067)	(834,236)
Interest income	(1,330,387)	(1,639,534)
Net fair value losses/(gains) on sale of financial assets	60,610	(148,073)
Fair value adjustment to investments	(1,308,984)	1,510,463
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	420,506	(569,076)
(Increase)/decrease in other operating assets	(27,866)	2,988
(Decrease)/increase in grant payables	(3,762,000)	8,945,674
Decrease in other operating liabilities	(57,964)	(7,316)
Net cash outflow from operating activities	<u>(6,835,824)</u>	<u>(1,177,687)</u>

24 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

	2012	2011
	\$	\$
Gross proceeds from fundraising activities		
Donations - Corporate and private	1,173,195	903,539
Donations - Committees	5,118	4,991
Bequests	4,089,014	7,171,985
Proceeds from fundraising activities	<u>2,482,471</u>	<u>2,097,597</u>
	<u>7,749,798</u>	<u>10,178,112</u>
Less: Totals cost of fundraising activities		
Advertising	279,195	300,829
Business development	28,585	88,302
Employee expenses	546,952	612,161
Events management	66,147	37,563
Printing, postage & stationery	18,647	27,357
Promotion expenses	71,302	25,756
Other fundraising activities	218,000	154,924
	<u>1,228,828</u>	<u>1,246,892</u>
	<u>6,520,970</u>	<u>8,931,220</u>

24 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 annually make cancer research grants upwards of a minimum of \$1.5 million (2011: \$1.5 million) each for world-class research being conducted in research centres throughout Australia. The selection of awardees is based on recommendations made to the Foundation's Board of Trustees by the Foundation's distinguished Medical Research Advisory Committee. The selection process occurs, in any one year, over a six month period.

During the year the Foundation received net income of \$6,520,970 (2011: \$8,931,220) from fundraising and a net gain of \$3,267,612 (2011: net gain of \$1,152,539) 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 \$2,897,798 (2011: \$3,568,326).

Medical research grants expensed during the year totalled \$9,000,000 (2011: \$17,600,000). Administration costs incurred during the year totalled \$978,064 (2011: \$931,403). The deficit for the year of \$77,214 (2011: deficit of \$8,488,485) 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

	2012 \$	2011 \$	2012 %	2011 %
Total cost of fundraising**	<u>1,228,828</u>	<u>1,246,892</u>	16	12
Gross income from fundraising	7,749,798	10,178,112		
Net surplus from fundraising	<u>6,520,970</u>	<u>8,931,220</u>	84	88
Gross income from fundraising	7,749,798	10,178,112		
Total cost of service*	<u>9,000,000</u>	<u>17,600,000</u>	80	89
Total expenditure	11,206,890	19,778,297		
Total cost of service*	<u>9,000,000</u>	<u>17,600,000</u>	81	156
Total income received from fundraising and investment	11,129,676	11,289,812		

* "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.

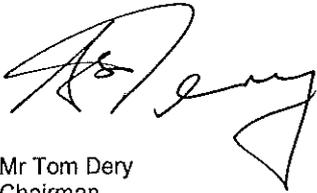
** These costs have been fully funded from the accumulated returns from investments earned by the Foundation. No donations have been used to fund any fundraising and/or operational costs.

In the Trustees' opinion:

- (a) the financial statements and notes set out on pages 9 to 32 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 2012 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 Tom Dery
Chairman



Mr Stephen Rix
Trustee

Sydney
9 April 2013

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 2012;

(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 2012;

(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 2012; 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.



Mr Tom Dery

Chairman

Sydney

9 April 2013



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 2012, the statement of comprehensive income, statement of changes in accumulated funds and statement 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 2012 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 2012, 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 2012, 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 2012 has been properly accounted for and applied in accordance with the above mentioned Acts and Regulations.

A handwritten signature in black ink, appearing to read 'R. Nicholas Cooper', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Marcus Laithwaite', written in a cursive style.

Marcus Laithwaite
Partner

Sydney
9 April 2013