

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

ABN 27 076 461 360

**Annual report
for the year ended 31 December 2007**

Australian Cancer Research Foundation ABN 27 076 461 360
Annual report - 31 December 2007

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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 2007 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 A J Boettcher OAM
Mr G J Camm
Mr T B I Crommelin
Mr T S Dery
Mr C B Gantner AO
Mr S Gerlach
Mr P A S Jones
Lady McMahon
Mr J M Millar
Mr S J Perrott
Mr S R Rix
Sir Ian Turbott AO, CMG, CVO
Dr J. S. Yu
Mr P M Cameron (Alternate)

Information on trustees

Mr A J Boettcher OAM. *Trustee since 18 June 1984*

Other positions held and current directorships

- Director, Canty Pty Ltd.
- Honorary Governor of the Science Foundation for Physics at the University of Sydney.

Mr G J Camm. MBA (University of Melbourne) BBus (Monash) CPA; SF Fin. *Trustee since 6 December 2000*

Other positions held and current directorships

- Chief Executive Officer Superpartners Pty Ltd
- Board member, Catholic Development Fund
- Former Managing Director, AMP Financial services (New Zealand)

Mr T B I Crommelin. BCom (University of Queensland); Advanced Management Program (University of Hawaii); Fellow Society of Land Economists (FSLE); Fellow of the Securities Institute of Australia (FSIA). *Trustee since 29 March 2000*

Other positions held and current directorships

- Chairman, ABN AMRO Morgans Limited, a participant of ASX Limited
- Deputy Chairman, CS Energy Limited
- Board of Directors, Brisbane Grammar School
- Director, Investment Advisory Board of the Australian National University
- Director, Abney Hotels Limited
- Director, Queensland Museum Foundation
- Director, Queensland Gas Company Limited
- Member of the Senate, University of Queensland

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

Other positions held and current directorships

- Executive Chairman Asia Pacific & US, M&C Saatchi
- Chairman, Sydney Dance Company
- Board Member Asia Link

Information on trustees (continued)

Mr C B 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, The Myer Foundation and the Victorian Arts Centre Trust
- Director, Mypac Pty Ltd, Barclay Custodians Pty Ltd, Sidney Myer Custodians Pty Ltd, Mayfair Hanoi Ltd (Vietnam), and Sidney Myer Fund & Estate
- Director, Nuco Pty Ltd, The Myer Family Company Pty Ltd, Jianguo Pty Ltd, Macallister Springs Pty Ltd, K-OSSS Pty Ltd, K-OSSS II Pty Ltd, HEA (Finance) Ltd (Hong Kong), Ward Ferry Asian Reconnaissance Fund Ltd (Hong Kong)

Mr S Gerlach. *Trustee since 15 November 1996*

Other positions held and current directorships

- Chairman, Santos Limited, Futuris Corporation Ltd and Challenger Listed Investments Limited
- Former Partner and Managing Partner of Adelaide legal firm Finlaysons
- Chairman, Foodbank SA Inc
- Director, Foodbank Australia Ltd

Mr P A S Jones. *Trustee since 2 June 2005*

Other positions held and current directorships

Solicitor Partner, Allens Arthur Robinson LLB, BSurv

Lady McMahon. *Trustee since 18 June 1984*

Other positions held and current directorships

- Board of the National and NSW Branch of the Australian Brain Foundation
- Director, Tinine Pty Ltd
- Chairman, Private Investment Company
- Patron of Australian Ladies Variety Association

Mr J M Millar B.Com (University of New South Wales), FCA, FCPA. *Trustee since 2 June 2005*

Other positions held and current directorships

- CEO, Ernst & Young Australia
- Member, Business Council of Australia

Mr S J Perrott. BSc (University of Melbourne); MBA (Australian Graduate School of Management). *Trustee since 6 December 2000.*

Other positions held and current directorships

Managing Director, Co-Head of Investment Banking ABN AMRO Australia Limited

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

Other positions held and current directorships

- Chairman of the Audit, Risk and Compliance Committee, Travelex Australasia and Japan
- Investment committee member, JF Infrastructure
- Advisory council member, Colonial First State Diversified Private Equity Fund
- Non-executive Director, Allen & Unwin Pty Limited

Information on trustees (continued)

- Non-executive Director, International Parking Group Pty Ltd

Sir Ian Turbott AO, CMG, CVO. Hon D Litt (University of Western Sydney). *Trustee since 18 June 1984*

Other positions held and current directorships

- Chairman, I T Graham Investments Pty Limited and Australian Youth Trust
- Formerly Chairman, Penrith Lakes Development Corporation Limited
- Director Commonwealth Council, Ted Noff Foundation
- Fellow Institute of Directors Association of Australia
- Emeritus Chancellor of the University of Western Sydney
- Board member, Friends of The Royal Botanical Gardens, Sydney

Dr J S 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

- Paediatrician and formerly CEO, Children's Hospital at Westmead
- Chair, George Institute for International Health, Advisory Council of International Centre of Excellence for Asia Pacific Studies (ANU), Advisory Council for Asian Art and Archaeology (University of Sydney)
- Chair of VisAsia, Art Gallery of NSW
- Formerly, Chancellor of University of NSW

Mr P M Cameron (Alternate for T S Dery). Fellow Australian Society of CPA's; BCom (University of New South Wales). *Trustee since 22 June 2000*

Other positions held and current directorships

- CFO Asia Pacific - M&C Saatchi
- Director, M&C Saatchi Ltd – NZ , Charter Chamber Ltd – Thailand
- Company Secretary, M&C Saatchi Agency Inc. & M&C Saatchi Asia Pac Holdings Pty Ltd

The trustees have been in office since the start of the financial year to the date of this report unless otherwise stated. The trustees also have a wide range of business and community interests.

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 committees	
	A	B	Finance A	B
Mr A J Boettcher OAM	6	6	-	-
Mr G J Camm	6	4	-	-
Mr T B I Crommelin	6	3	5	2
Mr T S Dery	6	5	5	5
Mr C B Gantner AO	6	4	-	-
Mr S Gerlach	6	3	-	-
Mr P A Jones	6	6	-	-
Lady McMahon	6	6	-	-
Mr J M Millar	6	1	5	1
Mr S J Perrott	6	4	5	3
Mr S R Rix	6	6	5	5
Sir I Turbott AO, CMG, CVO	6	3	-	-
Dr J. S. Yu	6	3	-	-
Mr P M Cameron (Alternate)	6	-	-	-

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 \$8,804,942 (2006: \$9,994,963). Surplus after grants expense was \$1,504,942 (2006 Surplus: \$4,963,092). All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenue earned by the Foundation.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Foundation that occurred during the financial year under review.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2007 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 1991.

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 24 July 2008. 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 awarded

In 2007 the Foundation paid grants (excluding GST) totalling \$4,592,299 as listed below.

	2007 \$
Melbourne Comprehensive Cancer Centre	3,212,299
Queensland Brain Institute	855,000
University of Tasmania	275,000
Ludwig Institute	250,000
	4,592,299

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

Children's Cancer Institute, Australia	3,100,000
Centenary Institute	5,000,000
Queensland Institute of Medical Research	2,700,000
Diamantina Institute	3,200,000
	14,000,000

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

Auditor's independence declaration

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

Auditor

PricewaterhouseCoopers continues in office.

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



Mr T S Dery
Trustee



Mr S R Rix
Trustee

Sydney
Date: 4 April 2008



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Auditor's Independence Declaration

As lead auditor for the audit of Australian Cancer Research Foundation for the year ended 31 December 2007, 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.

A handwritten signature in blue ink that reads 'M. Laithwaite'.

M Laithwaite
Partner
PricewaterhouseCoopers

Sydney
Date: 4 April 2008

Australian Cancer Research Foundation ABN 27 076 461 360

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This financial report covers the financial statements of Australian Cancer Research Foundation. 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 4 April 2008. The Foundation has the power to amend and reissue the financial report.

Australian Cancer Research Foundation
Income statement
For the year ended 31 December 2007

	Notes	2007 \$	2006 \$
Revenue from continuing operations	3	10,256,995	11,300,967
Employee benefits expense		(785,670)	(691,410)
Fundraising expenses	3	(383,031)	(338,249)
Office and premises expenses		(120,738)	(141,337)
Other expenses		(162,614)	(135,008)
Surplus for the year before grants	4	8,804,942	9,994,963
Grants expense	5	(7,300,000)	(5,031,871)
Surplus for the year after grants		<u>1,504,942</u>	<u>4,963,092</u>

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

Australian Cancer Research Foundation
Balance sheet
As at 31 December 2007

	Notes	2007 \$	2006 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	12,176,954	8,357,350
Trade and other receivables	9	700,279	888,823
Investments and other financial assets	10	29,440,026	28,614,300
Other current assets	11	14,414	18,645
Total current assets		<u>42,331,673</u>	<u>37,879,118</u>
Non-current assets			
Property, plant and equipment	12	54,437	67,632
Total non-current assets		<u>54,437</u>	<u>67,632</u>
Total assets		<u>42,386,110</u>	<u>37,946,750</u>
LIABILITIES			
Current liabilities			
Payables	13	7,578,061	4,643,643
Total current liabilities		<u>7,578,061</u>	<u>4,643,643</u>
Total liabilities		<u>7,578,061</u>	<u>4,643,643</u>
Net assets		<u>34,808,049</u>	<u>33,303,107</u>
Accumulated funds			
Endowed funds for perpetual investment		10,000	10,000
General funds	16	34,798,049	33,293,107
Total accumulated funds		<u>34,808,049</u>	<u>33,303,107</u>

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

Australian Cancer Research Foundation
Statement of recognised income and expense
For the year ended 31 December 2007

	2007	2006
	\$	\$
Net income recognised directly in equity	-	-
Net surplus after tax attributable to members	<u>1,504,942</u>	<u>4,963,092</u>
Total recognised income and expense for the year	<u>1,504,942</u>	<u>4,963,092</u>

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Australian Cancer Research Foundation
Cash flow statement
For the year ended 31 December 2007

	2007	2006
Notes	\$	\$
Cash flows from operating activities		
Receipts in the course of operations	9,057,321	7,629,251
Payments in the course of operations	(1,499,605)	(1,204,834)
Payments in relation to grants	(4,592,299)	(2,466,871)
Net cash (outflow) inflow from operating activities	<u>2,965,417</u>	<u>3,957,546</u>
20		
Cash flows from investing activities		
Payments for property, plant and equipment	(7,417)	(23,466)
Payments for available-for-sale financial assets	(2,709,285)	(8,302,787)
Dividends and distributions received	2,396,276	1,619,590
Interest received	1,174,613	877,644
Net cash (outflow) inflow from investing activities	<u>854,187</u>	<u>(5,829,019)</u>
Net decrease in cash and cash equivalents		
	3,819,604	(1,871,473)
Cash and cash equivalents at the beginning of the financial year	8,357,350	10,228,823
Cash and cash equivalents at end of year	<u>12,176,954</u>	<u>8,357,350</u>
8		

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

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

This general purpose financial report has 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*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS 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.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Foundation comply with International Financial Reporting Standards (IFRS).

(b) Revenue recognition

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

Revenue is recognised for the major business 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 and trust distributions are recognised on a cash basis.

(iv) Donations

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

The Australian Cancer Research Foundation, in common with most organisations dependent on such contributions, 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.

(vi) Bequests

The Australian Cancer Research 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 exempted 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.

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 income statement. 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 income statement 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 income statement 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.

1 Summary of significant accounting policies (continued)

(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 entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance 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 balance date.

(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 income statement 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 each balance sheet date.

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 income statement.

(l) Grants

Grants are recognised as a liability in the financial statements when the Board of Trustees has 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 Board of 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) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The entity's assessment of the impact of these new standards and interpretations is that they will not have a material impact on the amounts disclosed in the financial report.

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. This arises from investments held by the Foundation which 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 2007 and 2006, 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 equity prices of those investments. It is considered that the 1% and 10% sensitivities are reasonably possible at period end.

31 December 2007	Carrying amount \$	Interest rate risk				Price risk			
		-1%		+1%		-10%		+10%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets									
Cash and cash equivalents	12,176,654	(121,767)	(121,767)	121,767	121,767	-	-	-	-
Bank bills and term deposits	11,156,048	(72,638)	(72,638)	72,638	72,638	-	-	-	-
Investments at fair value	18,283,978	-	-	-	-	(1,828,398)	(1,828,398)	1,828,398	1,828,398
Total increase/ (decrease)		(194,405)	(194,405)	194,405	194,405	(1,828,398)	(1,828,398)	1,828,398	1,828,398

31 December 2006	Carrying amount \$	Interest rate risk				Price risk			
		-1%		+1%		-10%		+10%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets									
Cash and cash equivalents	8,357,050	(83,571)	(83,571)	83,571	83,571	-	-	-	-
Bank bills and term deposits	8,179,904	(56,475)	(56,475)	56,475	56,475	-	-	-	-
Investments at fair value	20,434,396	-	-	-	-	(2,043,440)	(2,043,440)	2,043,440	2,043,440
Total increase/ (decrease)		(140,046)	(140,046)	140,046	140,046	(2,043,440)	(2,043,440)	2,043,440	2,043,440

(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 \$12,176,654. 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, management monitors 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 \$
At 31 December 2007				
Grants payable	4,743,971	2,750,000	-	-
At 31 December 2006				
Grants payable	4,515,500	-	-	-

(d) Fair value estimation

The fair value of the 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 is based on quoted market prices at the balance sheet date.

The net fair value of all financial assets and liabilities in the balance sheet approximates their carrying values.

3 Revenue and fundraising expenses

	2007 \$	2006 \$
Revenue from continuing operations		
Donations	1,018,746	676,348
Fundraising proceeds (note (b) below)	1,290,453	853,312
Bequests	5,911,830	6,305,081
Investment revenue (note (a) below)	3,919,105	2,464,306
Net fair value gains/(losses) on financial assets at fair value through profit and loss	(1,883,559)	1,001,480
Other revenue	420	440
	10,256,995	11,300,967

	2007 \$	2006 \$
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(a) Investment revenue

Interest received	988,205	877,644
Dividends received	3,600	3,440
Franking credits refunded	348,216	75,752
Bank bills discount earned	186,408	185,732
Managed trusts fund distributions	2,392,676	1,321,738
	3,919,105	2,464,306

(b) Fundraising income and expenses from continuing operations

Fundraising income

Great Wall of China event	115,683	18,320
Income from individual committee fundraising	554,763	423,095
Other fundraising income	600,007	411,897
Other events	20,000	-
	1,290,453	853,312

Fundraising expenses

Advertising	249,631	221,355
Other fundraising expenses	133,400	116,894
	383,031	338,249

4 Surplus

	2007	2006
	\$	\$
The surplus for the year includes the following expenses:		
<i>Depreciation</i>		
Property, plant and equipment	20,612	26,681
<i>Movement in provision for employee entitlements</i>	(1,119)	19,956
<i>Movement in provision for office accommodation</i>	-	53,334

5 Grants expense

	2007	2006
	\$	\$
Queensland Brain Institute	-	1,140,000
Ludwig Institute	-	1,000,000
Royal Melbourne Hospital	-	1,000,000
Flinders Medical Centre	-	1,000,000
Westmead Institute	-	1,000,000
Australian Genome Research Facility (returned excess)	-	(108,129)
Melbourne Comprehensive Cancer Centre	5,000,000	-
Royal Prince Alfred Hospital	1,200,000	-
Menzies Research Institute	1,100,000	-
	7,300,000	5,031,871

6 Remuneration of auditors

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

	2007	2006
	\$	\$
Non-audit services		
PricewaterhouseCoopers Australian firm		
Audit services	-	-
Non-audit services	20,000	-
Total remuneration for non-audit services	20,000	-

7 Segment information

The principal activity of the Foundation is to act as a charitable institution within Australia.

8 Current assets - Cash and cash equivalents

	2007	2006
	\$	\$
Cash at bank and in hand	1,408,898	410,580
Deposits at call	10,767,756	7,946,470
Petty cash	300	300
	12,176,954	8,357,350

The interest rate on cash assets where balances were kept over \$5,000 at 31 December 2007 was 0.80% (2006: 0.80%)

The deposits at call bear floating interest rates between 6.10% and 6.60% (2006: 5.35% and 6.10%).

9 Current assets - Trade and other receivables

	2007	2006
	\$	\$
Net trade receivables		
General receivables	-	204,210
Income receivable from committees	13,500	239,073
GST receivable	686,779	445,540
	700,279	888,823

10 Current assets - Investments and other financial assets

	2007	2006
	\$	\$
Bank bills and term deposits-held to maturity		
AMP term deposits	5,096,158	5,060,871
NAB Bank bill	-	3,119,033
St George Bank bills	6,059,890	-
	11,156,048	8,179,904
Managed portfolio investments - at fair value		
AMP Investments	2,059,361	2,084,050
Hunter Hall Fund	2,180,096	1,089,576
Kaplan Master Trust Income Fund	5,414,613	5,785,047
Maple-Brown Abbott Fund	4,755,997	6,068,872
Goldman Sachs JBWere	1,914,434	-
Perpetual Investments	1,894,677	5,346,531
	18,219,178	20,374,076
Other investments - at fair value		
Equity securities	64,800	60,320
	29,440,026	28,614,300

The **AMP** term deposit is a 180 day term deposit maturing on 19 March 2008. The interest rate on the deposit is 6.95% (2006: 6.44%).

The **St George Bank** bills have a face value of \$3,000,000 and \$3,180,000 and mature on 31 January 2008 and 16 June 2008 respectively. The interest rates are fixed at 6.85% and 7.28%.

The **Hunter Hall Value Growth Trust Fund** units were purchased in September 2006, consisting of 347,363.84 units at an issue price of \$2.8788 per unit totalling \$1,000,000. In December 2006 a distribution was reinvested to acquire 24,151.50 units at an issue price of \$2.958 totalling \$71,410.56. In June 2007 a distribution was reinvested to acquire 32,312.70 units at an issue price of \$3.0431 totalling \$98,330.78. In September 2007 an additional 323,923.66 units were purchased at an issue price of \$3.08714 per unit totalling \$1,000,000. As at 31 December 2007 the redemption price of these units was \$2.9957 (2006: \$3.1367).

The **Kaplan Master Trust Income Fund** units were purchased in October 2003, consisting of 4,248,088.36 units at an issue price of \$1.177 per unit totalling \$5,000,000. As at 31 December 2007 the redemption price of these units was \$1.2746 (2006: \$1.3618).

The **Maple-Brown Abbott Diversified Investment Trust** units were purchased in July 2004, consisting of 2,282,167 units at an issue price of \$2.1909 per unit totalling \$5,000,000. In September 2006, this investment was transferred to the **Maple-Brown Abbott Australian Equity Trust**, consisting of 2,343,040.33 units at an issue price of \$2.3186 per unit totalling \$5,432,521. As at 31 December 2007 the redemption price of these units was \$1.921 (2006: \$2.590).

The **Perpetual Investments - Wholesale Property Securities Fund** was purchased in September 2006, consisting of 1,132,502.831 units at an issue price of \$1.766 per unit totalling \$2,000,000. As at 31 December 2007 the redemption price of these units was \$1.673 (2006: \$2.065).

The **Goldman Sachs JBWere** Managed Accounts Portfolio funds were invested in during September 2007 for a total of \$2,000,000. The portfolio consists of directly held Australian stocks. As at 31 December 2007 the market value of the portfolio was \$1,914,434.

The **AMP Responsible Investment Leaders International Share Fund** units were purchased in September 2006, consisting of 2,710,431 at an issue price of \$0.73789 per unit totalling \$2,000,000. As at 31 December 2007 the redemption price of these units was \$0.7550 (2006: \$0.7689).

11 Current assets - Other current assets

	2007	2006
	\$	\$
Prepayments	14,014	18,245
Returnable float	200	200
Deposits (security)	200	200
	<u>14,414</u>	<u>18,645</u>

12 Non-current assets - Property, plant and equipment

	Furniture and fittings \$	Leasehold improvements \$	Computer equipment \$	Total \$
At 1 January 2006				
Cost	15,524	52,107	53,022	120,653
Accumulated depreciation	(3,653)	(33,721)	(11,691)	(49,065)
Net book amount	<u>11,871</u>	<u>18,386</u>	<u>41,331</u>	<u>71,588</u>
Year ended 31 December 2006				
Opening net book amount	11,871	18,386	41,331	71,588
Additions	2,490	-	20,976	23,466
Depreciation and amortisation charge	(3,222)	(9,634)	(13,825)	(26,681)
Disposal	-	(741)	-	(741)
Closing net book amount	<u>11,139</u>	<u>8,011</u>	<u>48,482</u>	<u>67,632</u>
At 31 December 2006				
Cost	18,014	47,582	73,998	139,594
Accumulated depreciation	(6,875)	(39,571)	(25,516)	(71,962)
Net book amount	<u>11,139</u>	<u>8,011</u>	<u>48,482</u>	<u>67,632</u>
Year ended 31 December 2007				
Opening net book amount	11,139	8,011	48,482	67,632
Additions	-	-	7,417	7,417
Depreciation charge	(2,539)	(7,141)	(10,932)	(20,612)
Closing net book amount	<u>8,600</u>	<u>870</u>	<u>44,967</u>	<u>54,437</u>
At 31 December 2007				
Cost	18,014	47,582	81,415	147,011
Accumulated depreciation	(9,414)	(46,712)	(36,448)	(92,574)
Net book amount	<u>8,600</u>	<u>870</u>	<u>44,967</u>	<u>54,437</u>

13 Current liabilities - Payables

	2007 \$	2006 \$
Royal Prince Alfred Hospital	1,200,000	-
Menzies Research Institute	825,000	-
Queensland Brain Institute	-	855,000
Royal Melbourne Hospital	1,000,000	1,000,000
Ludwig Institute	-	250,000
Flinders Medical Centre	1,000,000	1,000,000
Westmead Institute	1,000,000	1,000,000
Melbourne Comprehensive Cancer Centre	1,787,701	-
GST on grants payable	<u>681,270</u>	410,500
Total Grants Payable	7,493,971	4,515,500
Employee entitlements	37,299	39,130
Sundry creditors and accrued expenses	<u>46,791</u>	89,013
	<u>7,578,061</u>	<u>4,643,643</u>

Reconciliation of grants payable

	2007 \$	2006 \$
Balance at 1 January	4,515,500	1,694,000
Grants expense	7,300,000	5,140,000
GST recoverable on grants expense	730,000	514,000
Grants paid	(4,592,299)	(2,575,000)
GST recovered on grants paid	<u>(459,230)</u>	<u>(257,500)</u>
Balance at 31 December	<u>7,493,971</u>	<u>4,515,500</u>

14 Employee entitlements

There were no employees with service of more than 5 years at 31 December 2007. The average number of employees during the financial year was 8 (2006: 8).

15 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.

16 General funds

	2007 \$	2006 \$
General funds at beginning of year	33,293,107	28,330,015
Recognised income and expenses	<u>1,504,942</u>	<u>4,963,092</u>
Total general funds	<u>34,798,049</u>	<u>33,293,107</u>

17 Contingent liabilities

	2007 \$	2006 \$
Future grants approved by the Board of Trustees at balance date but agreements not signed:		
Menzies Research Centre	-	1,100,000
Royal Prince Alfred Hospital	-	1,200,000
Melbourne Comprehensive Cancer Centre	-	5,000,000
Children's Cancer Institute, Australia	3,100,000	-
Centenary Institute	5,000,000	-
Queensland Institute of Medical Research	2,700,000	-
Diamantina Institute	3,200,000	-
	<u>14,000,000</u>	<u>7,300,000</u>

18 Commitments

Operating leases

	2007 \$	2006 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	46,924	46,924
Later than one year but not later than five years	136,861	183,785
	<u>183,785</u>	<u>230,709</u>

The lease is in relation to the premises occupied by the Foundation and is for a 5 year term expiring on 25 November 2011. There is no option to renew before the termination date. There is no option to review the rent. The rent of \$46,924 per annum gross as at 26 November 2006 is fixed for the duration of the lease.

19 Members liabilities

The liability of the members is limited to \$100.

20 Reconciliation of surplus after grants to net cash inflow from operating activities

	2007 \$	2006 \$
Surplus for the year	1,504,942	4,963,092
Depreciation and write-offs	20,612	26,681
Loss on disposal of assets	-	741
Bank bills earned	(186,408)	(185,732)
Dividend and distributions income	(2,396,276)	(1,619,590)
Interest income	(988,205)	(877,644)
Net fair value (gains) losses on financial assets	1,883,559	(1,001,480)
Change in operating assets and liabilities:		
Decrease (increase) in trade and other receivables	188,545	(243,770)
Decrease in other operating assets	4,231	18,712
(Decrease) increase in trade and other payables	(42,935)	44,742
Increase in grants payable	2,978,471	2,821,500
(Decrease) increase in provisions	(1,119)	10,294
Net cash inflow from operating activities	<u>2,965,417</u>	<u>3,957,546</u>

21 Information and declaration to be furnished under the Charitable Fundraising Act 1991

The following information is included to comply with the Charitable Fundraising Act 1991.

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

	2007 \$	2006 \$
Gross proceeds from fundraising activities		
Donations - Corporate and private	983,755	662,889
Donations - Committees	34,991	13,459
Bequests	5,911,830	6,305,081
Foundation appeals	115,683	411,897
Proceeds from fundraising activities	<u>1,174,770</u>	<u>441,416</u>
Net surplus obtained from sponsorship and fundraising appeals	<u>8,221,029</u>	<u>7,834,742</u>
Less: Totals cost of fundraising activities		
Advertising	249,631	221,355
Business development	24,779	14,192
Employee expenses	447,902	341,244
Events management	20,345	9,614
Printing, postage & stationery	47,039	57,740
Promotion expenses	7,132	7,887
Other fundraising activities	<u>34,105</u>	<u>27,461</u>
	<u>830,933</u>	<u>679,493</u>
Net surplus from fundraising activities	<u>7,390,096</u>	<u>7,155,249</u>

(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 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 \$7,376,596 (2006: \$7,155,249) from fundraising appeals and \$2,035,546 (2006: \$3,466,226) from the investment of appeal monies and from other sources.

Medical research grants expensed during the year totalled \$7,300,000 (2006: \$5,031,871). Administration costs incurred during the year totalled \$619,933 (2006: \$626,511). The surplus for the year of \$1,504,942 (2006 Surplus: \$4,693,092) was transferred to 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

**21 Information and declaration to be furnished under the Charitable Fundraising Act 1991
(continued)**

(c) Comparison by monetary figures and percentages

	2007 \$	2006 \$	2007 %	2006 %
Total cost of fundraising/ Gross income from fundraising	<u>830,933</u> 8,207,529	<u>679,493</u> 7,834,742	10.12	8.7
Net surplus from fundraising Gross income from fundraising	<u>7,376,596</u> 8,207,529	<u>7,155,249</u> 7,834,742	89.88	91.3
Total cost of service*/ Total expenditure	<u>7,300,000</u> 8,752,053	<u>5,031,871</u> 6,337,876	83.41	79.4
Total cost of service*/ Total income received from fundraising and investment	<u>7,300,000</u> 10,256,575	<u>5,031,871</u> 11,300,967	71.17	44.5

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

**Australian Cancer Research Foundation
Trustees' declaration
31 December 2007**

In the trustees' opinion:

- (a) the financial statements and notes set out on pages 8 to 26 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 2007 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.

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



Mr T S Dery
Trustee



Mr S R Rix
Trustee

Sydney
Date: 4 April 2008

Declaration by Chairman in respect of fundraising appeals

Declared opinion

I, TS 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 2007;

(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 2007;

(c) the provisions of the Charitable Fundraising (NSW) Act 1991 and the Regulations and conditions attached to the authority have been complied with for the financial year ended 31 December 2007; 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.



TS Dery
Chairman

Sydney
Date: 4 April 2008

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

**PricewaterhouseCoopers
ABN 52 780 433 757**

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Report on the financial report

We have audited the accompanying financial report, of the Australian Cancer Research Foundation (the Foundation), which comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, accompanying notes to the financial statements, and the Trustees' declaration for the Australian Cancer Research Foundation, for the year ended 31 December 2007.

The Trustees' responsibility for the financial report

The Trustees of the Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the Trustees, 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.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of the Australian Cancer Research Foundation (the Foundation) for the year ended 31 December 2007 included on the Australian Cancer Research Foundation web site. The Foundation's Trustees are responsible for the integrity of the Australian Cancer Research Foundation web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and to confirm the information included in the audited financial report presented on this web site.

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

4 April 2008

Independence

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

Qualified audit opinion

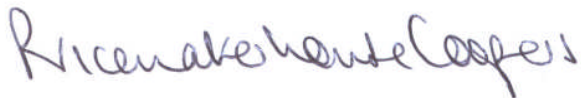
In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation on our audit procedures referred to in the qualification paragraph below not existed:

- the financial report of the Australian Cancer Research Foundation:
 - presents a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Australian Cancer Research Foundation as at 31 December 2007 and of its performance for the year ended on that date;
 - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory professional reporting requirements in Australia, and the *Corporations Regulations 2001*;
- the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 31 December 2007;
- the financial report has been properly drawn up and the associated records have been properly kept for the period from 1 January 2007 to 31 December 2007, in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations;
- money received as a result of fundraising appeal activities conducted during the period from 1 January 2007 to 31 December 2007 has been properly accounted for and applied in accordance with the *Charitable Fundraising (NSW) Act 1991* and Regulations; an
- there are reasonable grounds to believe that the Foundation will be able to pay its debts when they become due and payable.

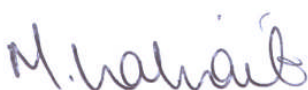
This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Qualification

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 procedures 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.



PricewaterhouseCoopers



M Laithwaite
Partner

Sydney
4 April 2008