



*The Prince Charles
Hospital Foundation*

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Purpose and scope

The Prince Charles Hospital Foundation is established by Order in Council under the *Hospitals Foundations Act 1982* and is a statutory body within the meaning given in the *Financial Administration and Audit Act 1977*.

In accordance with the provisions of the Financial Administration and Audit Act and other prescribed requirements, these statements have been prepared:

- To provide an accounting for the custody and management of moneys and resources under the control of The Prince Charles Hospital Foundation; and
- To disclose the results of operations of The Prince Charles Hospital Foundation during the year and to indicate the financial position of The Prince Charles Hospital Foundation at the end of the year.

The Statements are general purpose in nature and reflect the whole of the activities of The Prince Charles Hospital Foundation.

Income Statement for the year ended 30 June 2008

	Note	2008 \$	2007 \$
INCOME			
<i>Revenue from Operating Activities</i>			
Cafeteria operations		2,847,537	2,513,801
Car park rental – Collocation	2	61,005	59,977
Donations and bequests		1,859,055	1,234,893
Functions and special events		408,015	456,007
Collocation funding income		410,244	400,000
Administration Fees		7,582	–
Profit /(Loss) on sale of assets		(4,384)	28,512
Dividend and Trust Income		37,899	36,964
Interest		373,972	273,095
Increase in market value of Investments		–	544,664
Total Income		6,000,925	5,547,913
EXPENSES			
<i>Operating Expenses – Foundation</i>			
Depreciation and amortisation	7	147	2,383
Employee expenses	9	169,675	155,714
Collocation funding expenses		452,891	285,000
Functions and special events		337,914	337,772
General and administration expenses		192,448	204,120
Decrease in market value of Investments		500,043	–
		1,653,118	984,989
<i>Operating Expenses – Cafeteria</i>			
Depreciation and amortisation	7	24,223	29,062
Employee expenses	9	911,691	826,694
Cost of goods sold		1,529,733	1,157,956
General and administration expenses		147,451	181,901
		2,613,098	2,195,613
Total Expenses		4,266,216	3,180,602
Operating Surplus/(Deficit) from ordinary activities before distribution of grant funds		1,734,709	2,367,311
Less distribution of research grants awarded		1,207,456	932,923
Operating Surplus/(Deficit) from ordinary activities after distribution of grant funds		527,253	1,434,388

The accompanying notes form part of these statements.

Balance Sheet as of 30 June 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash assets	3	3,871,167	2,209,451
Receivables	4a	110,703	133,508
Inventories	5	29,786	38,999
Other current assets	4b	17,601	12,078
Total current assets		4,029,257	2,394,036
NON-CURRENT ASSETS			
Other Financial Assets	6	4,526,777	5,043,476
Property, plant and equipment	7	92,144	111,445
Total non-current assets		4,618,921	5,154,921
Total assets		8,648,178	7,548,957
CURRENT LIABILITIES			
Payables	8	330,241	270,043
Accrued employee benefits	10a	40,276	43,356
Provisions	11a	561,370	725,104
Total current liabilities		931,887	1,038,503
NON-CURRENT LIABILITIES			
Accrued employee benefits	10b	11,598	29,432
Provisions	11b	938,120	241,701
Total non-current liabilities		949,718	271,133
Total liabilities		1,881,605	1,309,636
Net assets		6,766,573	6,239,320
EQUITY			
Retained surplus		6,766,573	6,239,320
Total equity		6,766,573	6,239,320

The accompanying notes form part of these statements.

Statement of Changes in Equity for the year ended 30 June 2008

	Note	2008 \$	2007 \$
RETAINED SURPLUS			
Balance 1 July		6,239,320	4,804,932
Net Surplus/(Deficit) for the year		527,253	1,434,388
Balance 30 June		6,766,573	6,239,320

Cashflow Statement for the year ended 30 June 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows</i>			
Receipts from customers		5,908,184	4,933,027
Dividends received		36,891	36,964
Interest receipts		373,971	273,095
<i>Outflows</i>			
Grants and subsidies		(742,248)	(884,739)
Employees		(1,093,495)	(982,408)
Suppliers		(2,828,789)	(2,093,400)
Net cash provided by (used in) operating activities	13	1,654,514	1,282,539
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows</i>			
Proceeds from disposal of investments		14,902	34,793
Sales of property, plant and equipment		24,300	-
<i>Outflows</i>			
Payments for property, plant and equipment		(32,000)	(11,318)
Payments for Investments		-	-
Net cash provided by (used in) investing activities		7,202	23,475
Net increase (decrease) in cash held		1,661,716	1,306,014
Cash at the beginning of the year		2,209,451	903,437
Cash at end of financial year	3	3,871,167	2,209,451

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This financial report is a general purpose financial report which has been prepared in accordance with the *Financial Administration and Audit Act 1977*, *The Financial Management Standard 1997* and Accounting Standards adopted by the Australian Accounting Standards Board. The financial report of the Foundation complies with IFRSs and interpretations adopted by the International Accounting Standards Board. No existing Accounting Standards or Interpretations with application after balance date have been early adopted nor will the application of such Standards have a material effect in future accounting periods.

Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial report covers The Prince Charles Hospital Foundation as an individual entity. The Prince Charles Hospital Foundation is a Statutory Body, incorporated under the *Hospitals Foundations Act 1982*.

(c) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Foundation obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(d) Cash Assets

For the purposes of the Balance Sheet and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the Foundation's or issuer's option and that are subject to a low risk of changes in value.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Foundation becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Foundation no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Classification and Subsequent Measurement

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Foundation's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Foundation assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Income Statement.

(f) Receivables

Trade debtors are recognized at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

(g) Inventories

Inventories consist of cafeteria stock on hand and are measured at the lower of cost and net realisable value. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of the Foundation's normal selling pattern.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

(h) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

(i) Property, Plant and Equipment

Plant and equipment is measured on the cost basis.

Minor Equipment

All furniture and fittings with a cost or other value below \$2,000 are written off as an expense in the period in which they were acquired.

The carrying amount of plant and equipment is reviewed annually by the Foundation to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

(j) Revaluations of Non-Current Physical and Intangible Assets

Plant and equipment and motor vehicles are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

(k) Depreciation of Property, Plant and Equipment

The depreciable amount of Motor Vehicle and Plant and Equipment is depreciated on diminishing value basis, commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5 – 20% DV
Motor vehicle	22.5% DV

(l) Other Financial Assets

Non-current investments are measured at fair value through income statement. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Employee Benefits

Wages, Salaries, Recreation Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and included related on-costs such as payroll tax, Work Cover premiums, long service leave levies and employer superannuation contributions.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken. Long Service Leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for the entitlement accrued to balance date and recorded as a non-current liability. Relevant Commonwealth Bond rates are used for discounting future cash flows.

Employees of the Foundation are members of Sunsuper or Q Super. Contributions to employee superannuation plans are charged as expense as the contributions are paid or become payable.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

(o) Taxation

The Foundation operates solely as a state body as defined under the ITAA 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

(p) Accounting for Research Grants

Research grants are recognised as a liability on approval by the Foundation's Board. The Board believes that this treatment reflects the Board's intention that these moneys once committed will be paid out within an agreed time frame. Grants are paid upon receipt of invoices from the grantee for the research previously approved. Both the Board and the Finance Committee receive monthly reports on progress of research payments for approved research grants.

(q) Issuance of Financial Statement

The financial statements are authorised for issue by the Chairperson and Secretary at the date of signing the Management Certificate.

(r) Services Received Free of Charge

The Prince Charles Hospital provides office accommodation and associated services free of charge to the Foundation. It has not been practicable to estimate reliably the value of these services.

(s) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Donations are recognised on receipt of the funds from the donor.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Dividend revenue is recognised when the Foundation has established that it has a right to receive a dividend.

All revenue is stated net of the amount of goods and services tax (GST).

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(u) Comparative Figures

Where required comparative figures have been restated to be consistent with disclosures in the current reporting period.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

NOTE 2: CAR PARK

The Prince Charles Hospital Car Park is operated under an agreement between Queensland Health and Parking International Group. Under the agreement the Foundation is entitled to a share of collocation revenue. For the year 2008 and in accordance with the collocation agreement this amount has been indexed to \$61,005 (2007: \$59,977).

	2008	2007
	\$	\$
NOTE 3: CASH ASSETS		
Cash on Hand	5,300	5,300
Cash at Bank	1,377,104	1,284,151
Cash on Deposit	2,488,763	920,000
	3,871,167	2,209,451
Interest rate applicable		
Cash management account	6.4%	5.0%
11am call account	7.2%	6.2%

NOTE 4: RECEIVABLES

(a) Trade Debtors	36,992	102,306
Sundry Debtors – Collocation payments	75,211	32,702
	112,203	135,008
Less provision for doubtful debts	(1,500)	(1,500)
	110,703	133,508
(b) Other Current Assets		
Prepayments	7,547	3,032
Dividend Imputation Credits Refundable	10,054	9,046
	17,601	12,078

NOTE 5: INVENTORIES

Stock on Hand – Cafeteria	29,786	38,999
	29,786	38,999

NOTE 6: OTHER FINANCIAL ASSETS

Held to maturity Financial Assets

Cash on Deposit (Collocation)	1,000,000	1,000,000
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At fair value through Income Statement

At fair market value

Managed funds	3,041,655	3,433,388
Listed Shares	485,122	610,088
	3,526,777	4,043,476
Total	4,526,777	5,043,476

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

	2008	2007
	\$	\$
NOTE 7: PROPERTY, PLANT & EQUIPMENT		
<i>Plant and Equipment</i>		
At cost	171,066	162,884
Less: Accumulated depreciation	(105,442)	(85,351)
	65,624	77,533
<i>Motor Vehicle</i>		
At cost	33,953	57,442
Less: Accumulated depreciation	(7,433)	(23,530)
	26,520	33,912
Total	92,144	111,445

	Plant and Equipment	Motor Vehicle	Total
<i>Property, Plant and Equipment Reconciliation</i>			
Carrying amount at 1 July 2006	91,460	40,112	131,572
Acquisitions	11,317	–	11,317
Disposals	–	–	–
Depreciation	(25,244)	(6,200)	(31,444)
Carrying amount at 30 June 2007	77,533	33,912	111,445
Acquisitions	8,182	23,818	32,000
Disposals		(26,930)	(26,930)
Depreciation	(20,091)	(4,280)	(24,371)
Carrying Amount at 30 June 2008	65,624	26,520	92,144

	2008	2007
	\$	\$
NOTE 8: PAYABLES		
a) Current		
Trade Creditors	213,394	164,580
GST Payable	9,008	36,419
Accrued Expenses	107,839	69,044
Total Payables	330,241	270,043

NOTE 9: EMPLOYEE EXPENSES		
Wages, salaries and other associated costs	999,267	904,885
Employer superannuation contributions	72,414	67,612
Worker's compensation premium	9,685	9,911
Total Employee Expenses	1,081,366	982,408
Number of employees at year end	37	36

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

	2008	2007
	\$	\$
NOTE 10: ACCRUED EMPLOYEE BENEFITS		
a) Current		
Recreational Leave	40,276	43,356
b) Non-Current		
Long Service Leave	11,598	29,432
Total Accrued Employee Benefits	51,874	72,788
NOTE 11: PROVISIONS		
a) Current		
Research Funding Provision	561,370	725,104
b) Non-Current		
Research Funding Provision	938,120	241,701
Total Research Funding Provision	1,499,490	966,805
<i>Movement in Research Funding Provisions (Note 1(p))</i>		
Balance at 1 July	966,805	553,690
Add Research Funding Awarded during year	1,142,738	989,432
	2,109,543	1,543,122
Less Payments of Funding	(610,053)	(519,308)
Funding cancelled	–	(57,009)
Balance at 30 June	1,499,490	966,805

NOTE 12: CONTINGENCIES

A payroll withdrawal limit for \$ 45,000 per fortnight has been provided to the Bendigo Bank in respect of the outsourcing bureau payroll service provided by Automatic Data Processing Pty Ltd T/A Payline.

Balance of Collocation and Car Park Funding as of 30 June 2008 amounting to \$1,898,957 (2007: \$1,515,316) is to be expended in future years on Research Projects of the The Prince Charles Hospital.

The Foundation has established a fund with the Queensland Community Foundation (QCF) for the purpose of creating a specific fund for the Foundation to generate future income and donations. All contributions made to this named fund within QCF are held in Trust and invested in perpetuity with net income distributed to the Foundation at the discretion of the Trustee, in accordance with the Queensland Community Fund Declaration of Trust. At 30 June 2008, this fund is valued at \$86,974 (2007: \$106,897) of which \$10,000 was contributed by the Foundation.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

	2008	2007
	\$	\$
NOTE 13: RECONCILIATION OF OPERATING SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus/(Deficit) from ordinary activities after distribution of grant funds	527,253	1,434,388
Depreciation expense	24,370	31,444
Loss on sales of plant and equipment	4,384	–
Movement in market value of Units/Shares	500,043	(544,664)
Profit on disposal of share investment	–	(28,512)
<i>Changes in assets and liabilities</i>		
Decrease / (Increase) in receivables	22,805	(38,066)
Decrease / (Increase) in inventories	9,213	(8,293)
Decrease/ (Increase) in other current assets	(5,523)	(390)
(Decrease) / Increase in payables	60,198	9,780
(Decrease) / Increase in accrued employee benefits	(20,914)	13,738
(Decrease) / Increase in provisions	532,685	413,114
Net cash provided by operating activities	1,654,514	1,282,539

NOTE 14: FINANCIAL INSTRUMENTS

Categorisation of Financial Instruments

The Foundation has categorised the financial assets and financial liabilities held as

Financial Assets	Category
Cash	Cash assets
Shares	Financial asset at fair value through the Income Statement (at fair value)
Managed funds	Financial asset at fair value through the Income Statement (at fair value)
Receivables	Loans and receivables (at nominal value)
Financial Liabilities	
Payables	Financial liability not at fair value through the Income Statement (at nominal value)

NOTE 15: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Foundation's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The Foundation does not have any derivative instruments at 30 June 2008.

(i) *Treasury Risk Management*

A finance committee consisting of senior committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) *Financial Risk Exposures and Management*

The main risks the Foundation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Foundation's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities are set out in Note 15(b).

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

c. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2008		2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial assets	4,669,230	4,669,230	3,084,994	3,084,994
Available-for-sale financial assets at fair value	3,526,777	3,526,777	4,043,476	4,043,476
	8,196,007	8,196,007	7,128,470	7,128,470

Fair values are in line with carrying values.

Sensitivity analysis

Interest rate risk

The Foundation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2008	2007
	\$	\$
<i>Change in profit</i>		
Increase in interest rate by 2%	97,422	64,189
Decrease in interest rate by 2%	(97,422)	(64,189)
<i>Change in equity</i>		
Increase in interest rate by 2%	97,422	64,189
Decrease in interest rate by 2%	(97,422)	(64,189)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed for foreign exchange risk, as the Foundation is not exposed to fluctuations in foreign exchange.

NOTE 16: EVENTS OCCURRING AFTER BALANCE DATE

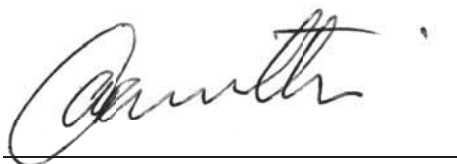
There were no events affecting the financial position of the Foundation subsequent to 30 June.

Certificate of the Foundation

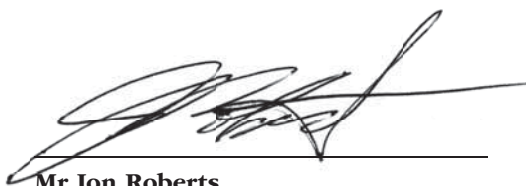
These general purpose financial statements have been prepared pursuant to the *Financial Administration and Audit Act 1977*, and other prescribed requirements.

We certify that:

- (a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of The Prince Charles Hospital Foundation.
- (b) in our opinion:
 - i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
 - ii) the foregoing financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting concepts and standards, of the transactions of the Foundation for the financial year ended 30 June 2008 and of the financial position of the Foundation at the end of that year.



Mr John Hamilton
Chairperson



Mr Jon Roberts
Secretary

Dated this Eighteenth day of September 2008

Independent Audit Report

To the Board of The Prince Charles Hospital Foundation

Report on the Financial Report

I have audited the accompanying financial report of The Prince Charles Hospital Foundation which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Board and officer responsible for the financial administration of The Prince Charles Hospital Foundation.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). 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. The Board also state, in accordance with Accounting Standard *AASB101 Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed 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 judgment, including the assessment of risks of material misstatement in 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Independent Audit Report (continued)

Auditor's Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of The Prince Charles Hospital Foundation for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year.
 - (iii) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



B G Hiley, FCA
as Delegate of the Auditor-General of Queensland

Signed on this 18th September 2008, at Brisbane

Purpose and scope

The Prince Charles Hospital Trust was created in accordance with the Trust Deed dated 21st September 1998, under The Prince Charles Hospital Foundation which was established by Order in Council under the *Hospitals Foundations Act 1982* and is a statutory body within the meaning given in the *Financial Administration and Audit Act 1977*.

In accordance with the provisions of the Financial Administration and Audit Act and other prescribed requirements, these statements have been prepared:

- To provide an accounting for the custody and management of moneys and resources under the control of The Prince Charles Hospital Foundation Trust; and
- To disclose the results of operations of The Prince Charles Hospital Foundation Trust during the year and to indicate the financial position of The Prince Charles Hospital Foundation Trust at the end of the year.

The Statements are general purpose in nature and reflect the whole of the activities of The Prince Charles Hospital Foundation Trust.

The accompanying notes form part of these statements.

Income Statement for the year ended 30 June 2008

	Note	2008 \$	2007 \$
INCOME			
<i>Revenue from Operating Activities</i>			
Donations and bequests		386,071	530,553
Interest		78,372	61,081
Total Income		464,443	591,634
EXPENSES			
<i>Operating expenses</i>			
Bank charges		191	104
Administration charges		7,582	9,325
Total Expenses		7,773	9,429
Operating surplus/(deficit) from ordinary activities before distribution of funds		456,670	582,205
Less distribution of funds		(493,448)	(234,622)
Operating surplus/(deficit) from ordinary activities after distribution of funds		(36,778)	347,583

The accompanying notes form part of these statements.

Balance Sheet as at 30 June 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash assets	2	1,173,892	1,189,370
Receivables	3	52,418	3,694
Total current assets		1,226,310	1,193,064
Total assets		1,226,310	1,193,064
CURRENT LIABILITIES			
Payables	4	90,432	20,408
Total current liabilities		90,432	20,408
Net assets		1,135,878	1,172,656
EQUITY			
Retained surplus		1,135,878	1,172,656
Total equity		1,135,878	1,172,656

The accompanying notes form part of these statements.

Statement of Changes in Equity for the year ended 30 June 2008

	Note	2008 \$	2007 \$
RETAINED SURPLUS			
Balance 1 July		1,172,656	825,073
Net Surplus/(Deficit)		(36,778)	347,583
Balance 30 June		1,135,878	1,172,656

Cashflow Statement for the year ended 30 June 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows</i>			
Donations & Bequests		343,319	532,491
Interest receipts		78,372	61,081
<i>Outflows</i>			
Distribution of funds		(423,424)	(234,622)
Supplies and services		(13,745)	(15,188)
Net cash provided by (used in) operating activities	5	(15,478)	343,762
Net increase (decrease) in cash held		(15,478)	343,762
Cash at the beginning of the year		1,189,370	845,608
Cash at end of financial year	2	1,173,892	1,189,370

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This financial report is a general purpose financial report which has been prepared in accordance with the *Financial Administration and Audit Act 1977*, *The Financial Management Standard 1997* and Accounting Standards adopted by the Australian Accounting Standards Board. The financial report of the Foundation complies with IFRSs and interpretations adopted by the International Accounting Standards Board. No existing Accounting Standards or Interpretations with application after balance date have been early adopted nor will the application of such Standards have a material effect in future accounting periods.

Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial report covers The Prince Charles Hospital Foundation Trust as an individual entity. The Prince Charles Hospital Foundation Trust is established pursuant to the Trust Deed dated 21 September 1998.

(c) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Trust obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(d) Cash Assets

Cash assets include all cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(e) Receivables

Trade debtors are recognized at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

(f) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(g) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Trust becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Trust no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Trust's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Income Statement.

(h) *Taxation*

The Trust operates solely as a non-profit association and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

(i) Issuance of Financial Statement

The financial statements are authorised for issue by the Chairperson and Secretary at the date of signing the Management Certificate.

(j) Services Received Free of Charge

The Prince Charles Hospital provides office accommodation and associated services free of charge to the Foundation Trust. It has not been practicable to estimate reliably the value of these services.

(k) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Donations are recognised on receipt of the funds from the donor.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Distribution of Funds

Funds are distributed to various hospital departments after receiving and approving purchase requisitions signed by both Medical Director and Chairperson of The Foundation Trust.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(n) Comparative Figures

Where required comparative figures have been restated to be consistent with disclosures in the current reporting period.

	2008	2007
	\$	\$
NOTE 2: CASH ASSETS		
Cash Management Account	118,892	144,370
Term Deposit	1,055,000	1,045,000
	1,173,892	1,189,370
<i>Interest rates applicable</i>		
Cash management Account	6.0%	5.0%
Term Deposit	7.2%	6.2%
NOTE 3: RECEIVABLES		
Trade Debtors	44,000	-
GST Receivable	8,418	3,694
	52,418	3,694
NOTE 4: PAYABLES		
Trade Creditors	90,432	20,408
Accrued Expenses	-	-
	90,432	20,408

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

	2008	2007
	\$	\$
NOTE 5: RECONCILIATION OF OPERATING SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus (Deficit) from ordinary activities after distributions	(36,778)	347,583
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	(48,724)	1,938
Increase / (decrease) in payables	70,024	(5,759)
Net cash provided by operating activities	(15,478)	343,762

NOTE 6: CONTINGENCIES

Predominantly all of the Retained Surplus is to be expended for specific purposes in the future. There were no other contingent liabilities as at 30 June 2008.

NOTE 7: FINANCIAL INSTRUMENTS

Categorisation of Financial Instruments

The trust has categorised the financial assets and financial liabilities held as:

Financial Assets	Category
Cash	Cash assets
Receivables	Loans and receivables (at nominal value)
Financial Liabilities	
Payables	Financial liability not at fair value through the Income Statement (at nominal value)

NOTE 8: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Trust's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The Trust does not have any derivative instruments at 30 June 2008.

(i) *Treasury Risk Management*

A finance committee consisting of senior committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) *Financial Risk Exposures and Management*

The main risks the Trust is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Trust's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities are set out in Note 8(b).

Foreign currency risk

The Trust is not exposed to fluctuations in foreign currencies.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Liquidity risk

The Trust manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Trust does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Trust.

Credit risk is managed by the Trust and reviewed regularly by the finance committee.

b. Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing 1 Year or less		Non-interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial assets</i>										
Cash at bank	6.8	5.9	1,173,892	1,189,370					1,173,892	1,189,370
Trade and other receivables							52,418	3,694	52,418	3,694
Total financial assets			1,173,892	1,189,370			52,418	3,694	1,226,310	1,193,064
<i>Financial liabilities</i>										
Trade and sundry payables							90,432	20,408	90,432	20,408
Total financial liabilities							90,432	20,408	90,432	20,408

TRADE PAYABLES ARE EXPECTED TO BE PAID AS FOLLOWS

Trade payables

	2008 \$	2007 \$
Less than 6 months	90,432	20,408
6 months to 1 year		
Total trade payables	90,432	20,408

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

c. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2008		2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial assets	1,226,310	1,226,310	1,193,064	1,193,064
Available-for-sale financial assets at fair value	90,432	90,432	20,408	20,408
	1,135,878	1,135,878	1,172,656	1,172,656

Fair values are in line with carrying values.

Sensitivity analysis

Interest rate risk

The Trust has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows

	2008	2007
	\$	\$
Change in profit		
Increase in interest rate by 2%	23,478	23,787
Decrease in interest rate by 2%	(23,478)	(23,787)
Change in equity		
Increase in interest rate by 2%	23,478	23,787
Decrease in interest rate by 2%	(23,478)	(23,787)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed for foreign exchange risk, as the Trust is not exposed to fluctuations in foreign exchange.

NOTE 9: EVENTS OCCURRING AFTER BALANCE DATE

There were no events affecting the financial position of the Trust subsequent to 30 June.

Certificate of the Foundation Trust

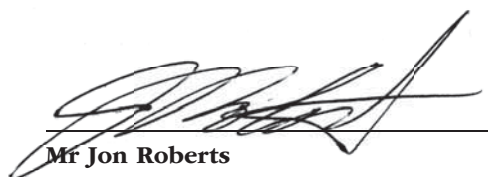
These general purpose financial statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements.

We certify that:

- (a) the foregoing financial statements with other information and notes to and forming part thereof are in agreement with the accounts and records of The Prince Charles Hospital Foundation Trust;
- (b) in our opinion:
 - i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
 - ii) the financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting concepts and standards, of the transactions of the Trust for the financial year ended 30 June 2008 and of the financial position of the Trust at the end of that year.



Ms Cheryl Burns
Chairperson



Mr Jon Roberts
Secretary

Dated this Eighteenth day of September 2008

Independent Audit Report

To the Trustees and Members of The Prince Charles Hospital Foundation Trust

Report on the Financial Report

I have audited the accompanying financial report of The Prince Charles Hospital Foundation Trust which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Trustees and officer responsible for the financial administration of The Prince Charles Hospital Foundation Trust.

The Trustees' Responsibility for the Financial Report

The Trustees are responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). 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. The Trustees also state, in accordance with Accounting Standard *AASB101 Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed 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 judgment, including the assessment of risks of material misstatement in 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Independent Audit Report (continued)

Auditor's Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977*

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (iv) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (v) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of The Prince Charles Hospital Foundation Trust for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year.
 - (vi) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



B G Hiley, FCA
as Delegate of the Auditor-General of Queensland

Signed on this 18th September 2008, at Brisbane



The Prince Charles
Hospital Foundation

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