

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Regional Services, Sport, Local Government and Decentralisation

Opinion

In my opinion, the financial statements of the National Blood Authority for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Blood Authority as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the National Blood Authority, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the National Blood Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the National Blood Authority the Chief Executive is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive is also responsible for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the National Blood Authority's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief

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Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Sean Benfield
Executive Director
Delegate of the Auditor-General

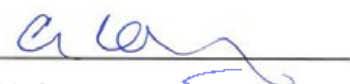
Canberra
28 September 2018

NATIONAL BLOOD AUTHORITY
FINANCIAL STATEMENTS
for the year ended 30 June 2018

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Blood Authority will be able to pay its debts as and when they fall due.



John Cahill
Accountable Authority

27 September 2018



Ashley Jackson
Chief Financial Officer

27 September 2018

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

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

NATIONAL BLOOD AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	6 637	6 744
Suppliers	1.1B	4 698	2 350
Grants - Non-profit organisations		-	140
Depreciation and amortisation	2.2	395	354
Finance costs - Unwinding of discount		(1)	2
Write-Down and Impairment of Assets - Revaluation decrements		-	10
Losses from asset sales		-	15
Total expenses		11 729	9 615
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	493	496
Other revenue - Funding from State and Territory governments		3 528	3 799
Total own-source revenue		4 021	4 295
Gains			
Resources received free of charge - Remuneration of auditors		66	81
Total gains		66	81
Total own-source income		4 087	4 376
Net cost of services		7 642	5 239
Revenue from Government - Departmental annual appropriations		5 590	5 636
Surplus / (Deficit) attributable to the Australian Government		(2 052)	397
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	2.2	-	101
Total other comprehensive income		-	101
Total comprehensive income / (loss) attributable to the Australian Government		(2 052)	498

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

NATIONAL BLOOD AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	2.1A	8 069	9 884
Trade and other receivables	2.1B	919	765
Total financial assets		8 988	10 649
Non-Financial Assets			
Leasehold improvements	2.2	738	732
Property, plant and equipment	2.2	635	497
Intangibles	2.2	56	116
Prepayments		210	168
Total non-financial assets		1 639	1 513
Total assets		10 627	12 162
LIABILITIES			
Payables			
Suppliers	2.3A	157	384
Other payables	2.3B	559	616
Total payables		716	1 000
Provisions			
Employee provisions	6.1	2 045	1 892
Other provisions	2.4	169	143
Total provisions		2 214	2 035
Total liabilities		2 930	3 035
Net assets		7 697	9 127
EQUITY			
Contributed equity		4 565	3 944
Reserves		460	460
Retained surplus		2 672	4 723
Total equity		7 697	9 127

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

NATIONAL BLOOD AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	4 723	4 326	460	359	3 944	3 313	9 127	7 998
Adjustment for errors	1	-	-	-	-	-	1	-
Adjusted opening balance	4 724	4 326	460	359	3 944	3 313	9 128	7 998
Comprehensive Income								
Other comprehensive income	-	-	-	101	-	-	-	101
Surplus / (Deficit) for the period	(2 052)	397	-	-	-	-	(2 052)	397
Total comprehensive income attributable to Australian Government	(2 052)	397	-	101	-	-	(2 052)	498
Transactions with owners								
Contributions by owners								
Departmental capital budget	-	-	-	-	621	631	621	631
Total transactions with owners	-	-	-	-	621	631	621	631
Closing balance as at 30 June attributable to Australian Government	2 672	4 723	460	460	4 565	3 944	7 697	9 127

Accounting Policy:

Equity Injection

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

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

NATIONAL BLOOD AUTHORITY
CASH FLOW STATEMENT
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		5 586	5 639
Sales of goods and rendering of services		3 996	4 300
Net GST received		273	228
Total cash received		9 855	10 167
Cash used			
Employees		6 508	6 517
Suppliers		5 243	2 716
Total cash used		11 751	9 233
Net cash from / (used by) operating activities		(1 896)	934
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	8
Total cash received		-	8
Cash used			
Purchase of property, plant and equipment		452	105
Purchase of intangibles		-	9
Total cash used		452	114
Net cash from / (used by) investing activities		(452)	(106)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget		533	562
Total cash received		533	562
Net cash from / (used by) financing activities		533	562
Net increase / (decrease) in cash held		(1 815)	1 390
Cash and cash equivalents at the beginning of the reporting period		9 884	8 494
Cash and cash equivalents at the end of the reporting period ¹	2.1A	8 069	9 884

¹ As shown in the Statement of Financial Position.

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

NATIONAL BLOOD AUTHORITY
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Employee Benefits	3.1A	703	345
Suppliers	3.1B	1 163 196	1 061 265
Grants - Non-profit organisations	3.1C	599	401
Depreciation and amortisation	4.2B	572	824
Total expenses		1 165 070	1 062 835
Income			
Revenue			
Non-taxation revenue			
Funding from governments	3.2	1 153 302	1 046 325
Interest - Deposits		3 635	3 834
Other revenue		1 811	-
Total non-taxation revenue		1 158 748	1 050 159
Total revenue		1 158 748	1 050 159
Net (cost of) / contribution by services		(6 322)	(12 676)
Surplus / (Deficit)		(6 322)	(12 676)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	7
Total other comprehensive income		-	7
Total comprehensive income / (loss)	3.1B & 3.2	(6 322)	(12 669)

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

NATIONAL BLOOD AUTHORITY
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	4.1A	183 397	175 550
Trade and other receivables	4.1B	18 638	20 473
Other investments	4.1C	126 900	123 100
Other financial assets	4.1D	76 032	76 032
Total financial assets		404 967	395 155
Non-financial assets			
Inventories	4.2A	98 221	95 125
Property, plant and equipment	4.2B	60	103
Intangibles	4.2B	4 519	3 001
Prepayments		5	32
Total non-financial assets		102 805	98 261
Total assets administered on behalf of Government		507 772	493 416
LIABILITIES			
Payables			
Suppliers	4.3	70 661	53 843
Total payables		70 661	53 843
Total liabilities administered on behalf of Government		70 661	53 843
Net assets		437 111	439 573

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

NATIONAL BLOOD AUTHORITY
ADMINISTERED RECONCILIATION SCHEDULE
as at 30 June 2018

	2018 \$'000	2017 \$'000
Opening administered assets less administered liabilities as at 1 July	439 573	447 052
Net (cost of) / contribution by services		
Income	1 158 748	1 050 159
Expenses		
Payments to entities other than corporate Commonwealth entities	(1 165 070)	(1 062 835)
Other comprehensive income		
Revaluations transferred to reserves	-	7
Transfers (to) / from the Australian Government:		
Appropriation transfers from Official Public Account:		
Annual appropriations	3 860	5 190
Closing assets less liabilities as at 30 June	437 111	439 573

Accounting Policy:

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the NBA for use by the Government rather than the NBA is administered revenue. Collections are transferred to the Official Public Account (OPA), maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the NBA on behalf of the Government, and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

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

NATIONAL BLOOD AUTHORITY
ADMINISTERED CASH FLOW STATEMENT
for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Commonwealth contributions		718 621	658 361
State and territory contributions		435 364	383 424
Interest		3 680	4 205
Net GST received		117 525	104 143
Other		1 798	(13)
Total cash received		1 276 988	1 150 120
Cash used			
Employees		702	345
Grants		599	401
Suppliers		1 148 498	1 043 475
Net GST paid		117 355	104 467
Total cash used		1 267 154	1 148 688
Net cash from / (used by) operating activities		9 834	1 432
INVESTING ACTIVITIES			
Cash received			
Investments		50 500	58 200
Total cash received		50 500	58 200
Cash used			
Purchase of property, plant & equipment and intangibles		2 047	1 577
Investments		54 300	61 700
Total cash used		56 347	63 277
Net cash from / (used by) investing activities		(5 847)	(5 077)
Cash and cash equivalents at the beginning of the reporting period		175 550	174 005
Cash from the Official Public Account			
Appropriations		3 860	5 190
Total cash from the Official Public Account		3 860	5 190
Cash to the Official Public Account			
Special accounts		(3 860)	(5 190)
Total cash to the Official Public Account		(3 860)	(5 190)
Cash and cash equivalents at the end of the reporting period¹	4.1A	183 397	175 550
¹ As shown in the administered schedule of assets and liabilities			

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

NATIONAL BLOOD AUTHORITY OVERVIEW NOTE

for the year ended 30 June 2018

Objectives of the National Blood Authority

The National Blood Authority (NBA) is a not-for-profit Australian Government controlled entity which was established on 1 July 2003 with the principal role of managing national blood arrangements, ensuring sufficient supply, and providing a new focus on the quality and appropriateness of blood products. The NBA manages the supply of blood and blood products on behalf of the Commonwealth and all state and territory governments, with the Commonwealth contributing 63 percent of funding, and State and Territory governments providing 37 percent.

The NBA is structured to meet the following outcome:

Outcome 1: Access to a secure supply of safe and affordable blood products, including through national supply arrangements and coordination of best practice standards within agreed funding policies under the national blood arrangements.

The continued existence of the NBA in its present form, and with its present programs, is dependent on Government policy, the enabling legislation *National Blood Authority Act 2003*, and on continuing funding by Parliament and contributions from States and Territories for the NBA's administration and programs.

NBA activities contributing to Outcome 1 are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the NBA in its own right. Administered activities involve the management or oversight by the NBA, on behalf of the governments, of items controlled or incurred by the governments.

The NBA conducts the following administered activities on behalf of the governments: management and coordination of Australia's blood supply in accordance with the National Blood Agreement agreed by the Australian Government and the governments of the States and Territories.

The NBA operates under a special account – the National Blood Account. Revenues and expenses associated with the funding and supply of blood and blood products, as well as the operations of the NBA, are recorded in this special account.

The NBA also manages the NMF Blood and Blood Products Special Account which is intended to meet potential blood and blood product liability claims against the Australian Red Cross Blood Service. This special account commenced on 1 April 2017 and replaced the National Managed Fund (Blood and Blood Products) Special Account which was terminated on 31 March 2017.

Details of planned activities for the year can be found in the Agency Portfolio Budget Statements for 2017-18 which have been tabled in Parliament.

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2017; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The NBA adopted all new, revised and amending standards and interpretations that were issued by the Australian Accounting Standards Board (AASB) prior to the signing of the statement by the Accountable Authority and Chief Financial officer and are applicable to the current reporting period. The adoption of these standards and interpretations did not have a material effect and are not expected to have a future material effect, on the NBA's financial statements.

NATIONAL BLOOD AUTHORITY
OVERVIEW NOTE
for the year ended 30 June 2018

Future Australian Accounting Standard Requirements

The following new, revised, and amended standards and interpretations were issued by the AASB prior to the signing of the Statement by the Accountable Authority and Chief Financial Officer. The NBA has conducted a preliminary assessment of the potential impacts of the below standards and does not expect these to have a future material financial effect on the financial statements.

- AASB 9 *Financial Instruments* (applicable in reporting periods beginning on or after 1 January 2018) represents the first phase of a three-phase process to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The standard reduces the four categories of financial asset to two: amortised cost and fair value. Given the make-up of the NBA's financial assets (amortised cost items such as loans, receivables, term deposits), the new standard is not expected to materially impact its treatment or valuation of these assets.
- AASB 16 *Leases* (applicable in reporting periods beginning on or after 1 January 2019) introduces new criteria for assessing contracts to identify leases. From 1 July 2019 certain leases previously reported as expenses and commitments will be recorded on the Statement of Financial Position as right-of-use assets recorded at cost, and adjusted for depreciation and impairment or subject to revaluation, and lease liabilities adjusted for interest on the lease liability and payments made. Leases with terms for 12 months or less and for low –value items will be recorded as expenses. Given the amount and dollar value of the NBA current leases, the new standard is expected to have a moderate impact on the NBA's financial statements.
- AASB 1058 *Income of Not for Profit Entities* (applicable in reporting periods beginning on or after 1 January 2019). The standard establishes principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives and for the receipt of volunteer services. Given the purpose of NBA, the new standard is not expected to impact its treatment of income.
- AASB 15 *Revenue from Contracts with Customers* (applicable in reporting periods beginning on or after 1 January 2019). The standard establishes the principles about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with a customer. NBA will be required to recognise revenue in line with the transfer of promised goods or services to customers and that the amount recognised represents the consideration which the NBA expects to be entitled to in exchange for those goods or services. Given the nature of NBA's revenue source, the new standard is not expected to have material impact on the NBA's financial statements.

Taxation

The NBA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, liabilities and assets are recognised net of GST except:

- a) where the amount of the GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

Reporting of Administered Activities

Administered revenue, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events after the Reporting Period

Departmental

There were no events occurring after 30 June 2018 with the potential to significantly affect the ongoing structure and financial activities of the NBA.

Administered

There were no events occurring after 30 June 2018 with the potential to significantly affect the ongoing structure and financial activities of the NBA.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

1. DEPARTMENTAL FINANCIAL PERFORMANCE

This section analyses the financial performance of the NBA for the year ended 2018

	2018	2017
	\$'000	\$'000
NOTE 1.1: Expenses		
Note 1.1A: Employee Benefits		
Wages and salaries	4 484	4 705
Superannuation:		
Defined contribution plans	495	542
Defined benefit plans	382	338
Leave and other entitlements	1 089	1 010
Separation and redundancies	65	-
Other employee benefits	122	149
Total employee benefits	6 637	6 744

Accounting Policy:

Accounting policies for employee related expenses are contained in Note 6: People and Relationships.

Note 1.1B: Suppliers

Goods and services supplied and rendered

Consultants	151	70
Contractors	2 234	90
Travel	214	247
Legal	24	1
IT services	779	819
Other	681	559
Total goods and services supplied or rendered	4 083	1 786
Goods supplied	219	299
Services rendered	3 864	1 487
Total goods and services supplied or rendered	4 083	1 786

Other suppliers

Operating lease rentals	565	502
Workers compensation expenses	50	62
Total other suppliers	615	564
Total suppliers	4 698	2 350

Accounting Policy:

Leases

An operating lease is a lease where the lessor effectively retains substantially all the risks and benefits of ownership. Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised in the Statement of Financial Position and amortised over the period of the lease on a straight line basis.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 1.1B: Suppliers (cont.)

Leasing Commitments

The NBA in its capacity as lessee has entered the following non-cancellable leases:

The NBA has two current accommodation leases in the ACT. One lease commenced on 23 November 2012 for a period of 10 years and is for the NBA's present accommodation in the ACT. The second lease commenced on 24 November 2017 and is for additional accommodation space in the same building, for a period of three years. Any increases in rent is at a rate commensurate with CPI.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018 \$'000	2017 \$'000
Within 1 year	667	551
Between 1 to 5 years	2 094	2 565
Total operating lease commitments	2 761	3 116

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 1.2: Own-Source Income

2018	2017
\$'000	\$'000

OWN-SOURCE REVENUE

Note 1.2A: Sale of Goods and Rendering of Services

Rendering of services	493	496
Total sale of goods and rendering of services	493	496

Accounting Policy:

Revenue

Revenue from rendering of services and funding from State and Territory governments is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the NBA.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the NBA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case, revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

GAINS

Note 1.2B: Other Gains

Accounting Policy:

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

2. DEPARTMENTAL FINANCIAL POSITION

This section analyses the NBA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

NOTE 2.1: Financial Assets	2018	2017
	\$'000	\$'000
Note 2.1A: Cash and Cash Equivalents		
Special Account - cash on hand or on deposit	29	30
Special Account - cash held in the OPA	8 040	9 854
Total cash and cash equivalents	8 069	9 884

Accounting Policy:

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include (a) cash on hand, (b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and (c) cash in special accounts.

Note 2.1B: Trade and Other Receivables

Goods and Services receivables

Goods and services	166	100
Total goods and services receivables	166	100

Appropriations receivable:

For existing programs	732	640
Total appropriations receivable	732	640

Other receivables:

GST receivable from the Australian Taxation Office	21	25
Total other receivables	21	25
Total trade and other receivables (gross)	919	765

Receivables are expected to be recovered in:

No more than 12 months	919	765
Total trade and other receivables (net)	919	765

Credit terms for goods and services were within 30 days from date of invoice (2017: 30 days)

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 2.1B: Trade and Other Receivables (cont.)

Accounting Policy:

Financial Assets

The NBA classifies its financial assets in the following category:

- a) loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Loans and receivables

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the NBA becomes party to a contract and has a legal right to receive cash.

Allowances are made when collectability of the debt is no longer probable. Trade receivables are derecognised on payment.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 2.2: Non-Financial Assets

Note 2.2: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Leasehold improvements	Other property, plant and equipment	Intangibles		Total
			Computer software internally developed	Computer software purchased	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017					
Gross book value	765	542	2 928	673	4 908
Accumulated depreciation, amortisation & impairment	(33)	(45)	(2 839)	(646)	(3 563)
Net book value 1 July 2017	732	497	89	27	1 345
Additions:					
By purchase	174	305	-	-	479
Depreciation and amortisation	(168)	(167)	(46)	(14)	(395)
Net book value 30 June 2018	738	635	43	13	1 429
Net book value as of 30 June 2018 represented by:					
Gross book value	939	847	2 928	673	5 387
Accumulated depreciation, amortisation & impairment	(201)	(212)	(2 885)	(660)	(3 958)
	738	635	43	13	1 429

No indicators of impairment were found for leasehold improvements, property, plant and equipment, or intangibles.

No leasehold improvements, property, plant and equipment, or intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated on the next page. On 31 March 2017, an independent valuer conducted revaluations of leasehold improvements and property, plant and equipment.

The NBA did not undertake a revaluation of leasehold improvements or property, plant and equipment during 2017-18. In 2017 a revaluation increment for leasehold improvements of \$52,496 and an increment for property, plant and equipment of \$48,383 were credited to the asset revaluation surplus by asset class and included in the equity section of the statement of financial position. Revaluation decrements for property, plant and equipment of \$9,824 were recognised as an expense in the Statement of Comprehensive Income.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Accounting Policy:

Acquisition of Assets

Assets are recorded at cost on acquisition. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Property, Plant and Equipment:

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than the thresholds listed below for each class of asset, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Asset class	Recognition Threshold
Infrastructure, Plant and Equipment	\$2,000
Purchased Software	\$5,000
Leasehold improvements	\$10,000
Internally Developed Software	\$50,000

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the NBA where there exists an obligation to restore the property to its original condition. These costs are included in the value of the NBA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below.

Asset class	Fair value measured at
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant & equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The most recent independent valuation was conducted by Australian Valuation Solutions on 31 March 2017. A revaluation was not undertaken in the current financial year.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that is previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the NBA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2018	2017
Infrastructure, Plant and Equipment	3 to 7 years	3 to 7 years
Leasehold improvements	Lease term	Lease term

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the NBA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Intangibles

The NBA's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the NBA's software are:

Type	2018	2017
Purchased software	3 years	3 years
Internally developed software	5 years	5 years

All software assets were assessed for indications of impairment at 30 June 2018.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 2.3: Payables

2018	2017
\$'000	\$'000

Note 2.3A: Suppliers

Trade creditors and accruals

157	384
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Total suppliers

157	384
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Settlement was usually made within 30 days.

Note 2.3B: Other Payables

Wages and salaries

38	63
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Superannuation

8	7
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Operating lease rentals and incentive

513	546
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Total other payables

559	616
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Accounting Policy:

Financial Liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

NOTE 2.4: Other Provisions

	Provision for restoration	Total
	\$'000	\$'000
Carrying amount 1 July 2017	143	143
Additional provisions made	27	27
Unwinding of discount or change in discount rate	(1)	(1)
Closing balance 30 June 2018	169	169

The NBA currently has 2 agreements (2017: 1) for the leasing of premises which have provisions requiring the NBA to restore the premises to their original condition at the conclusion of the lease. The NBA has made provisions to reflect the present values of these obligations.

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

NATIONAL BLOOD AUTHORITY
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3. INCOME AND EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT

This section analyses the activities that the NBA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

NOTE 3.1: Administered - Expenses	2018	2017
	\$'000	\$'000
Note 3.1A: Employee Benefits		
Wages and salaries	540	264
Superannuation:		
Defined contribution plans	47	17
Defined benefit plans	55	34
Leave and other entitlements	55	27
Other employee benefits	6	3
Total employee benefits¹	703	345

¹ These salaries relate to a taskforce established to implement a program of work to improve the governance and management of immunoglobulin products funded and supplied under the National Blood Agreement.

Note 3.1B: Suppliers

Goods and services supplied or rendered

Purchases of blood and blood products	1 158 881	1 057 029
Consultants	1 239	1 345
Contractors	2 664	2 487
Travel	79	78
IT services	183	154
Other	150	172
Total goods and services supplied or rendered	1 163 196	1 061 265

Goods supplied	1 159 044	1 057 161
Services rendered	4 152	4 104
Total goods and services supplied or rendered	1 163 196	1 061 265

Accounting Policy:

Suppliers

Under the Deed of Agreement with the Australian Red Cross Blood Service (ARCBS), surpluses greater than \$5 million in any particular year are returned to the NBA in the following year. In 2017-18, \$22m (2017: \$42m) was returned by the ARCBS which related to the 2016-17 financial year. This return reduces supplier expenses in the current year.

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

NATIONAL BLOOD AUTHORITY
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Note 3.1C: Grants

Accounting Policy:

Grants

The NBA administers grants on behalf of the Government. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed, or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

Research and Development

Under the National Blood Agreement, the NBA is charged with facilitating and funding appropriate research, policy development or other action in relation to new developments by relevant government or non-government persons or bodies. A nationally coordinated effort in research and development is required to address evidence gaps in the blood sector, and to enable responses to emerging evidence and new technologies. In September 2015, the NBA received approval from funding governments to implement a research and development pilot to support projects and activities likely to produce valuable outcomes in identified key priority areas in patient blood management and Immunoglobulin Governance. Expenditure to date for projects funded under the first two rounds of the research and development pilot, is included in this year's financial statements.

NOTE 3.2: Administered - Income

2018 2017

\$'000 \$'000

Non-Taxation Revenue

Funding from Governments

Commonwealth contributions

718 621 658 361

State & Territory contributions

434 681 387 964

Total funding from governments

1 153 302 1 046 325

Accounting Policy:

Administered Revenue

All administered revenues are revenues relating to ordinary activities performed by the NBA on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue from rendering of services and funding from State and Territory governments is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion, and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the NBA.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed.

Revenue, (and thus impacting on the operating deficit), reflects timing differences as a result of the reconciliation of the National Supply Plan & Budget from the prior year. The reconciliation normally results in a return of surpluses to Jurisdictions, where actual usage is less than budgeted. Due to its complexity and dependency on external sources for information, the reconciliation cannot be completed prior to the finalisation of that year's financial statements, and is recorded in the following year.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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4. ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT

This section analyses assets used to conduct operations and the operating liabilities incurred as a result the NBA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

NOTE 4.1: Administered - Financial Assets	2018	2017
	\$'000	\$'000
Note 4.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	251	436
Cash held in the OPA	183 146	175 114
Total cash and cash equivalents	183 397	175 550
Note 4.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	10 325	11 946
Total goods and services receivables	10 325	11 946
Other receivables:		
Interest	1 635	1 679
GST receivable from the Australian Taxation Office	6 678	6 848
Total other receivables	8 313	8 527
Total trade and other receivables (gross)	18 638	20 473
Total trade and other receivables (net)	18 638	20 473
Trade and other receivables are expected to be recovered in:		
No more than 12 months	18 638	20 473
Total trade and other receivables (net)	18 638	20 473

Credit terms are within 30 days from date of invoice (2017: 30 days).

Accounting Policy:

Financial Assets

The NBA classifies its financial assets in the following categories:

- a) held-to-maturity investments; and
- b) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Held-to-Maturity Investments

Non derivative financial assets with fixed or determinable payments and fixed maturity dates that the NBA has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Where loans and receivables are not subject to concessional treatments, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition, and amortisation are recognised through profit and loss.

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the NBA becomes party to a contract and has a legal right to receive cash.

Allowances are made when collectability of the debt is no longer probable. Trade receivables are derecognised on payment.

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

NATIONAL BLOOD AUTHORITY
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NOTE 4.1: Administered - Financial Assets	2018	2017
	\$'000	\$'000
Note 4.1C: Other Investments		
Deposits ¹	126 900	123 100
Total other investments	126 900	123 100

¹ Monies invested in term deposits with various approved institutions under Section 58 of the *Public Governance, Performance and Accountability Act 2013*, for the purposes of receiving passive investment income.

Accounting Policy:

National Managed Fund

The National Managed Fund was established to manage the liability risks of the Australian Red Cross Blood Service in relation to the provision of blood and blood products. The NBA manages this fund on behalf of the Australian Government and States and Territories. To facilitate the transfer of the fund to the NBA, a special account under Section 78 of the *Public Governance, Performance and Accountability Act 2013* was established, and this fund was transferred to the NBA for reporting.

The Fund came into effect on 1 July 2000 and to date no claims have been made against it. The balance of the fund as at 30 June 2018 is \$128,108,688 (30 June 2017: \$124,433,044), and is made up of a combination of cash (\$250,517), investments (\$126,900,000) and the balance of the special account (\$958,171).

Note 4.1D: Other Financial Assets	2018	2017
	\$'000	\$'000
Advances ²	76 032	76 032
Total other financial assets	76 032	76 032

² Comprises a cash advance to the Australian Red Cross Blood Service in accordance with the Deed of Agreement and the Output Based Funding Model (OBFM).

NOTE 4.2: Administered - Non-Financial Assets	2018	2017
	\$'000	\$'000
Note 4.2A: Inventories		
National Reserve inventory held for distribution	51 322	49 559
Other inventory held for distribution	46 899	45 566
Total inventories	98 221	95 125

During 2017-18, \$659,247 of inventory held for distribution related to a net write-off of damaged and expired stock and was recognised as an expense (2017: \$919,857). No items of inventory were recognised at fair value less cost to sell. All inventory is expected to be distributed in the next 12 months.

Accounting Policy:

Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first-in-first-out basis, with the exception of plasma products which are based on a weighted average; and
- finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

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

NATIONAL BLOOD AUTHORITY
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for the year ended 30 June 2018

NOTE 4.2: Administered - Non-Financial Assets

Note 4.2B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Intangibles			Total \$'000
	Property, plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	
As at 1 July 2017				
Gross book value	117	5 235	147	5 499
Accumulated depreciation, amortisation & impairment	(14)	(2 234)	(147)	(2 395)
Net book value 1 July 2017	103	3 001	-	3 104
Additions:				
Internally developed	-	2 047	-	2 047
Depreciation and amortisation	(43)	(529)	-	(572)
Net book value 30 June 2018	60	4 519	-	4 579
Net book value as of 30 June 2018 represented by:				
Gross book value	117	7 282	147	7 546
Accumulated depreciation, amortisation & impairment	(57)	(2 763)	(147)	(2 967)
	60	4 519	-	4 579

No indicators of impairment were found for property, plant and equipment and intangibles.

No property, plant or equipment or intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated at Note 2.2. On 31 March 2017, an independent valuer conducted revaluations of property, plant and equipment.

The NBA did not undertake a revaluation of property, plant and equipment during 2017-18. In 2017 a revaluation increment for property, plant and equipment of \$6,733.65 was credited to the asset revaluation surplus by asset class and included in the equity section of the statement of financial position.

NOTE 4.3: Administered - Payables

	2018 \$'000	2017 \$'000
Suppliers		
Trade creditors and accruals	70 661	53 843
Total suppliers	70 661	53 843

Settlement was usually made within 30 days.

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

NATIONAL BLOOD AUTHORITY
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5. FUNDING

This section identifies the NBA's funding structure.

NOTE 5.1: Appropriations

5.1A: Annual Appropriations (Recoverable GST exclusive)

Annual Appropriations for 2018

	Annual Appropriation	Adjustments to appropriation ¹	Total Appropriation	Appropriation applied in 2018 (current and prior years)	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	5 590	293	5 883	5 586	297
Capital Budget ²	621	-	621	533	88
Total departmental	6 211	293	6 504	6 119	385
ADMINISTERED					
Ordinary annual services					
Administered items	3 860	-	3 860	3 860	-
Total administered	3 860	-	3 860	3 860	-

(1) Adjustments to appropriation comprises Section 74 receipts.

(2) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2017

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2017 (current and prior years)	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	5 640	296	5 936	5 639	297
Capital Budget ³	631	-	631	562	69
Total departmental	6 271	296	6 567	6 201	366
ADMINISTERED					
Ordinary annual services					
Administered items	5 190	-	5 190	5 190	-
Total administered	5 190	-	5 190	5 190	-

(1) Appropriation Act (No.1) 2016-17 \$0.004M was withheld (Section 51 of the PGPA Act) for the purpose of Govlink contract. Govlink is to replace individual Commonwealth entity contracts with a single coordinated procurement contract and is to be managed by Department of Finance.

(2) Adjustments to appropriation comprises Section 74 receipts.

(3) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

5.1B: Unspent Annual Appropriations (Recoverable GST exclusive)

	2018	2017
	\$'000	\$'000
DEPARTMENTAL		
Cash	29	30
Appropriation Act (No.1) 2015-16	-	9
Appropriation Act (No.1) 2016-17	107	631
Appropriation Act (No.1) 2017-18	625	-
Total	761	670

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

NATIONAL BLOOD AUTHORITY
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for the year ended 30 June 2018

NOTE 5.2: Special Accounts

	The National Blood Account ¹		NMF Blood and Blood Products Special Account 2017 ²		National Managed Fund (Blood and Blood Products) ³	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance brought forward from previous period	191 778	189 200	1 082	579	-	290
Increases	1 169 717	1 057 447	54 176	14 003	-	48 489
Appropriation credited to special account	9 979	11 391	-	-	-	-
Costs recovered	-	-	-	-	-	-
Realised investments	-	-	50 500	13 087	-	45 200
Other receipts - Commonwealth contributions	718 621	658 361	-	-	-	-
Other receipts - State and territory contributions	438 892	387 222	-	-	-	-
Other receipts - External parties	2 225	473	3 676	916	-	3 289
Total increases	1 169 717	1 057 447	54 176	14 003	-	48 489
Available for payments	1 361 495	1 246 647	55 258	14 582	-	48 779
Decreases:						
Departmental	11 897	9 106	-	-	-	-
Payments made to employees	6 512	6 653	-	-	-	-
Payments made to suppliers	5 385	2 453	-	-	-	-
Total departmental decreases	11 897	9 106	-	-	-	-
Administered	1 151 873	1 045 763	54 300	13 500	-	48 200
Payments made to employees	702	345	-	-	-	-
Payments made to suppliers	1 151 171	1 045 418	-	-	-	-
Investments made from the special account (PGPA Act section 58)	-	-	54 300	13 500	-	48 200
Total administered decreases	1 151 873	1 045 763	54 300	13 500	-	48 200
Total decreases	1 163 770	1 054 869	54 300	13 500	-	48 200
Total balance carried forward to the next period	197 725	191 778	958	1 082	-	579
Balance represented by:						
Cash held in entity bank accounts	29	214	-	-	-	-
Cash held in the Official Public Account	197 696	191 564	958	1 082	-	-
Total balance carried forward to the next period	197 725	191 778	958	1 082	-	-

¹ Appropriation: Public Governance, Performance and Accountability Act 2013 section 80

Establishing Instrument: National Blood Authority Act 2003

Purpose: The National Blood Authority was established on 1 July 2003 with the principal role of managing the national blood arrangements, ensuring sufficient supply and to provide a new focus on the safety and quality of blood and blood products. The funding for blood and blood products is funded from a special account established under the National Blood Authority Act 2003, section 40. The NBA's activities contributing to its outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled by the agency in its own right. Administered activities involve the management or oversight by the NBA on behalf of the Government of items controlled or incurred by the Government.

² Appropriation: Public Governance, Performance and Accountability Act 2013 section 78

Establishing Instrument: Public Governance, Performance and Accountability Act 2013 section 78

Purpose: For the receipt of monies and payment of all expenditure related to the management of blood and blood products liability claims against the Australian Red Cross Society (ARCS) in relation to the activities undertaken by the operating division of the ARCS known as the Australian Red Cross Blood Service.

³ Appropriation: Public Governance, Performance and Accountability Act 2013 section 78

Establishing Instrument: Public Governance, Performance and Accountability Act 2013 section 78

Purpose: For the receipt of monies and payment of all expenditure related to the management of blood and blood products liability claims against the Australian Red Cross Society (ARCS) in relation to the activities undertaken by the operating division of the ARCS known as the Australian Red Cross Blood Service.

⁴ This amount represents the balance of the special account as at 31 March 2017. The special account was closed on this date due to the sunset of the determination created to establish the special account. The closing balance was transferred to a new special account (NMF Blood and Blood Products Special Account 2017) established under a new determination for the same purpose. As at 30 June 2018, the closing balance of the National Managed Fund (Blood and Blood Products) special account was \$0 (2017: \$0).

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

NATIONAL BLOOD AUTHORITY
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6. PEOPLE AND RELATIONSHIPS

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

NOTE 6.1: Employee Provisions	2018	2017
	\$'000	\$'000
Leave	1 980	1 892
Separations and redundancies	65	-
Total employee provisions	2 045	1 892

Accounting Policy:

Employee Benefits:

Liabilities for 'short term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits (as defined in AASB 119 Employee Benefits) comprises of long service leave. The measurement of the long service leave liability is detailed further under the *Leave* section.

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NBA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the NBA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to FRR 24.1(b) the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

NBA staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The NBA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 6.2: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (executive or otherwise) of that entity.

The NBA has determined the key management personnel to be the Chief Executive and Deputy General Manager/General Counsel. Key management personnel remuneration is reported in the table below:

	2018	2017
	\$	\$
Short-term employee benefits	563 002	465 846
Post-employment benefits	73 514	55 884
Other long-term benefits	40 455	53 261
Total key management personnel compensation expenses ¹	676 971	574 991 ²

The total number of key management personnel that are included in the above table are 2 (2017: 2).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are not paid by the NBA.
2. The remuneration differential between years is attributable to a part-year effect in 2016-17 arising from a vacant position.

NOTE 6.3: Related Party Disclosures

Related party relationships

The NBA is an Australian Government controlled entity. Related parties to the NBA are Key Management Personnel including the Portfolio Minister, Chief Executive, the Deputy General Manager/General Counsel, and other Australian Government entities.

Transactions with related parties

Given the breadth of Governments activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans in general government departments. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and that transactions entered into during the reporting period by the NBA, it has been determined that there are no related party transactions to be separately disclosed (2017: nil).

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

7. MANAGING UNCERTAINTIES

This section analyses how the NBA manages financial risks within its operating environment.

NOTE 7.1: Contingent Assets and Liabilities

Note 7.1A: Contingent Assets and Liabilities

Quantifiable Contingencies

There were no quantifiable contingent assets or liabilities in this reporting period.

Unquantifiable Contingencies

There were no unquantifiable contingent assets or liabilities in this reporting period.

Accounting Policy:

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Note 7.1B: Administered - Contingent Assets and Liabilities		2018	2017
		\$'000	\$'000
Contingent liabilities			
Indemnities		170 579	190 367
Total contingent liabilities		170 579	190 367
Net administered contingent liabilities		170 579	190 367

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 7.1B: Administered - Contingent Assets and Liabilities (cont.)

Quantifiable Administered Contingencies

The above table contains \$170,579,000 of contingent liabilities disclosed in respect to the Deed of Indemnity between the Red Cross and the NBA (2017: \$190,367,000). The Deed indemnifies the Red Cross in relation to the Sydney Processing Centre (SPC) and the Melbourne Processing Centre (MPC) funding arrangements. If the SPC or MPC funding arrangements cease in respect of an SPC or MPC contract for any reason, the NBA indemnifies the Red Cross in respect of the liability of the Red Cross to make payments of a Funded Obligation, to the extent that the payments become due and payable under the terms of the SPC or MPC contract after the date when the Red Cross no longer has sufficient SPC or MPC funding to meet the funded obligations as a result of the cessation of the SPC or MPC funding.

Unquantifiable Administered Contingencies

At 30 June 2018, the NBA had three unquantifiable contingencies (2017: 3) disclosed below:

Unquantifiable Contingent Assets

- 1 The NBA has a Deed of Agreement with the Australian Red Cross Society for the supply of products. Under the Output Based Funding Model (OBFM) principles should the Blood Service have a surplus greater \$5 million in any one year then the surplus over that amount will be returned to the NBA.

Unquantifiable Contingent Liabilities

- 2 The NBA under the National Blood Agreement prepares an annual National Supply Plan & Budget (NSP&B) for products. States & Territories and the Commonwealth make payments to the NBA based on this plan. Any surplus or shortfall is paid or recovered in the following year.
- 3 Under certain conditions the Australian Government and the States/Territories jointly provide indemnity for the Australian Red Cross Blood Service (the Blood Service) through a cost sharing arrangement for claims, both current and potential, regarding personal injury and damage suffered by a recipient of certain blood products. The Australian Government's share of any liability is limited to sixty three per cent of any agreed net cost.

The Deed of Agreement between the Australian Red Cross Society (the Red Cross) and the NBA in relation to the operation of the Blood Service includes certain indemnities and a limit of liability in favour of the Red Cross. These cover a defined set of potential business, product and employee risks and liabilities arising from the operations of the Blood Service. Certain indemnities for specific risk events operate within the term of the Deed of Agreement, are capped and must meet specified pre-conditions. Other indemnities and the limitation of liability only operate in the event of the expiry and non renewal, or the earlier termination of the Deed of Agreement relating to the operation of the Red Cross or the cessation of funding for the principal sites, and only within a certain scope. All indemnities are also subject to appropriate limitations and conditions including in relation to mitigation, contributory fault, and the process of handling relevant claims.

In the event of the occurrence of the contingent liability disclosed in the Quantifiable Administered Contingencies, the Commonwealth, or its nominee, would be assigned ownership of the Blood Service Melbourne Processing Centre building.

It was not possible to estimate the amounts of any eventual payments that may be required in relation to these claims. These were not included in the above table.

Accounting Policy:

Indemnities

The maximum amounts payable under the indemnities given is disclosed above. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 7.2: Financial Instruments

NOTE 7.2: Categories of Financial Instruments

	2018	2017
	\$'000	\$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	8 069	9 884
Trade and other receivables	166	100
Carrying amount of financial assets	8 235	9 984
Financial Liabilities		
At amortised cost		
Trade and other creditors	157	384
Carrying amount of financial liabilities	157	384

The net fair values of the financial assets and liabilities are at their carrying amounts. The NBA derived no interest income from financial assets in either the current and prior year.

NOTE 7.3: Administered - Financial Instruments

NOTE 7.3A: Categories of Financial Instruments

	2018	2017
	\$'000	\$'000
Financial assets		
Held-to-maturity investments		
Deposits	126 900	123 100
Advances	76 032	76 032
Total held to maturity investments	202 932	199 132
Loans and receivables		
Cash and cash equivalents	183 397	175 550
Trade and other receivables	18 638	20 473
Total loans and receivables	202 035	196 023
Total financial assets	404 967	395 155
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Trade and other creditors	70 661	53 843
Total financial liabilities	70 661	53 843

Note 7.3B: Net Gains or Losses on Financial Assets

Held-to-maturity investments		
Interest Revenue	3 631	3 833
Net gain on held-to-maturity investments	3 631	3 833
Loans and receivables		
Interest Revenue	4	1
Net gain on loans and receivables	4	1
Net gain on financial assets	3 635	3 834

Accounting Policy:

Loans and receivables

Where loans and receivables are not subject to concessional treatments, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition, and amortisation are recognised through profit and loss.

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the NBA becomes party to a contract and has a legal right to receive cash.

Allowances are made when collectability of the debt is no longer probable. Trade receivables are derecognised on payment.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 7.4 Fair Value Measurement

Accounting Policy:

Fair Value Measurement

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years in compliance with AASB 13 Fair Value Measurement requirements.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:
Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach.

Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

	Fair value measurements at the end of the reporting period	
	2018	2017
	\$'000	\$'000
Non-financial assets		
Leasehold Improvements	738	732
Plant and Equipment	635	497

NOTE 7.5 Administered - Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018	2017
	\$'000	\$'000
Non-financial assets		
Plant and Equipment	60	103

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

NOTE 8.1: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES

The following tables provide a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements (PBS) to the 2017-18 final outcome as presented in accordance with Australian Accounting Standards for the NBA. The Budget is not audited.

Note 8.1A: Departmental Budgetary Reports

Statement of Comprehensive Income for the NBA
for the year ended 30 June 2018

	Actual	Budget ¹	Variance ²
	2018	2018	2018
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	6 637	6 630	7
Suppliers	4 698	2 849	1 849
Depreciation and amortisation	395	488	(93)
Finance costs - Unwinding of discount	(1)	6	(7)
Total expenses	11 729	9 973	1 756
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	493	250	243
Other revenue - Funding from State and Territory governments	3 528	3 617	(89)
Total own-source revenue	4 021	3 867	154
Gains			
Resources received free of charge - Remuneration of auditors	66	81	(15)
Total gains	66	81	(15)
Total own-source income	4 087	3 948	139
Net cost of services	7 642	6 025	1 617
Revenue from Government - Departmental annual appropriations	5 590	5 537	53
Surplus (Deficit) attributable to the Australian Government	(2 052)	(488)	(1 564)
Total comprehensive income/(loss) attributable to the Australian Government	(2 052)	(488)	(1 564)

1. The budget figure represents the NBA's original budgeted financial statements that were first presented to parliament in respect of the reporting period (i.e. from the NBA's 2017-18 Portfolio Budget Statements (PBS)).

2. Explanations of major variances are provided in Note 8.1B.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Statement of Changes in Equity for the NBA
for the year ended 30 June 2018

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget '1	Variance '2	Actual	Budget '1	Variance '2	Actual	Budget '1	Variance '2	Actual	Budget '1	Variance '2
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	4 723	3 980	743	460	359	101	3 944	3 944	-	9 127	8 283	844
Adjustment for errors	1	-	1	-	-	-	-	-	-	1	-	1
Adjusted opening balance	4 724	3 980	744	460	359	101	3 944	3 944	-	9 128	8 283	845
Comprehensive Income												
Surplus / (Deficit) for the period	(2 052)	(365)	(1 687)	-	-	-	-	-	-	(2 052)	(365)	(1 687)
Total comprehensive income	(2 052)	(365)	(1 687)	-	-	-	-	-	-	(2 052)	(365)	(1 687)
Transactions with owners												
<i>Contributions by owners</i>												
Departmental capital budget	-	-	-	-	-	-	621	621	-	621	621	-
Total transactions with owners	-	-	-	-	-	-	621	621	-	621	621	-
Closing balance as at 30 June	2 672	3 615	(943)	460	359	101	4 565	4 565	-	7 697	8 539	(842)

1. The budget figure represents the NBA's original budgeted financial statements that were first presented to parliament in respect of the reporting period (i.e. from the NBA's 2017-18 Portfolio Budget Statements (PBS)).

2. Explanations of major variances are provided in Note 8.1B.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Statement of Financial Position for the NBA
as at 30 June 2018

	Actual	Budget ¹	Variance ²
	2018	2018	2018
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	8 069	30	8 039
Trade and other receivables	919	9 147	(8 228)
Total financial assets	8 988	9 177	(189)
Non-Financial Assets			
Leasehold improvements	738	870	(132)
Property, plant and equipment	635	373	262
Intangibles	56	692	(636)
Prepayments	210	149	61
Total non-financial assets	1 639	2 084	(445)
Total assets	10 627	11 261	(634)
LIABILITIES			
Payables			
Suppliers	157	397	(240)
Other payables	559	561	(2)
Total payables	716	958	(242)
Provisions			
Employee provisions	2 045	1 734	311
Other provisions	169	153	16
Total provisions	2 214	1 887	327
Total liabilities	2 930	2 845	85
Net assets	7 697	8 416	(719)
EQUITY			
Contributed equity	4 565	4 565	-
Reserves	460	359	101
Retained surplus	2 672	3 492	(820)
Total equity	7 697	8 416	(719)

1. The budget figure represents the NBA's original budgeted financial statements that were first presented to parliament in respect of the reporting period (i.e. from the NBA's 2017-18 Portfolio Budget Statements (PBS)).

2. Explanations of major variances are provided in Note 8.1B.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Cash Flow Statement for the NBA
for the year ended 30 June 2018

	Actual 2018 \$'000	Budget ¹ 2018 \$'000	Variance ² 2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	5 586	5 537	49
Sales of goods and rendering of services	3 996	3 867	129
Net GST received	273	224	49
Cash transferred from the Official Public Account	-	(137)	137
Total cash received	9 855	9 491	364
Cash used			
Employees	6 508	6 630	(122)
Suppliers	5 243	2 861	2 382
Total cash used	11 751	9 491	2 260
Net cash from/(used by) operating activities	(1 896)	-	(1 896)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	452	621	(169)
Total cash used	452	621	(169)
Net cash (used by) investing activities	(452)	(621)	169
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget	533	621	(88)
Total cash received	533	621	(88)
Net cash from financing activities	533	621	(88)
Net increase / (decrease) in cash held	(1 815)	-	(1 815)
Cash and cash equivalents at the beginning of the reporting period	9 884	30	9 854
Cash and cash equivalents at the end of the reporting period	8 069	30	8 039

1. The budget figure represents the NBA's original budgeted financial statements that were first presented to parliament in respect of the reporting period (i.e. from the NBA's 2017-18 Portfolio Budget Statements (PBS)).

2. Explanations of major variances are provided in Note 8.1B.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 8.1B: Departmental Major Budget Variances for 2018

Explanations of major variances	Affected line items (and statement)
Statement of Comprehensive Income	
<u>Suppliers</u> This variance arises from three unforeseen issues which the NBA received approval for an operating loss in 2017-18 for:	<i>Suppliers (Statement of Comprehensive Income) (Cash Flow Statement)</i>
<ul style="list-style-type: none"> - Additional expenditure to strengthen the NBA's cyber security as a result of the Blood Service data breach; - Additional expenditure to ensure compliant and robust management and governance of contracted personnel as a result of Operating Elbrus/Plutus; and - Additional expenditure to ensure that BloodSTAR is completed to meet the demand management imperatives of all funding governments. 	
<u>Sale of goods and rendering of services</u> This variance resulted from unbudgeted additional funds for the provisions of services to the Organ and Tissue Authority.	<i>Sale of goods and rendering of services (Statement of Comprehensive Income) (Cash Flow Statement)</i>
Statement of Financial Position	
<u>Cash and Cash Equivalents</u> This variance arises from Portfolio Budget Statements classifying Special Account - Cash held in the OPA as Trade and other receivables, whilst for financial statement purposes it is classified as Cash and cash equivalents.	<i>Cash and cash equivalents, Trade and other receivables (Statement of Financial Position)</i>
<u>Trade and Other Receivables</u> This variance arises from Portfolio Budget Statements classifying Special Account - Cash held in the OPA as Trade and other receivables, whilst for financial statement purposes it is classified as Cash and cash equivalents.	<i>Trade and other receivables, Cash and cash equivalents (Statement of Financial Position)</i>
<u>Intangibles</u> This variance is as a result of a delay in developing or purchasing software for managing contracts.	<i>Intangibles (Statement of Financial Position)</i>
<u>Suppliers</u> This variance is as a result of timing of payments at year end.	<i>Suppliers (Statement of Financial Position)</i>
<u>Employee Provisions</u> This variance is as a result of the transfer in of leave entitlements for staff joining the NBA from other Commonwealth agencies.	<i>Employee provisions (Statement of Financial Position), Sale of goods and rendering of services (Statement of Comprehensive Income)</i>
<u>Reserves</u> The variance is as a result of a revaluation in 2016-17 of non-financial assets as part of fair value measurement requirements.	<i>Reserves (Statement of Financial Position) (Statement of Changes in Equity)</i>
Cash Flow Statement	
<u>Suppliers</u> This variance is as a result of a delay in undertaking budgeted capital expenditure.	<i>Suppliers (Cash Flow Statement) (Statement of Comprehensive Income)</i>

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 8.1C: Administered Budgetary Reports

Administered Schedule of Comprehensive Income for the NBA
for the year ended 30 June 2018

	Actual	Budget ¹	Variance ²
	2018	2018	2018
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee Benefits	703	634	69
Suppliers	1 163 196	1 197 422	(34 226)
Grants - Non-profit organisations	599	-	599
Depreciation and amortisation	572	675	(103)
Total expenses	1 165 070	1 198 731	(33 661)
Income			
Revenue			
Non-taxation revenue			
Funding from governments	1 153 302	1 203 441	(50 139)
Interest - Deposits	3 635	-	3 635
Other revenue	1 811	-	1 811
Total non-taxation revenue	1 158 748	1 203 441	(44 693)
Total revenue	1 158 748	1 203 441	(44 693)
Net (cost of) / contribution by services	(6 322)	4 710	(11 032)
Surplus/(Deficit)	(6 322)	4 710	(11 032)
Total comprehensive income	(6 322)	4 710	(11 032)

1. The budget figure represents the NBA's original budgeted financial statements that were first presented to parliament in respect of the reporting period (i.e. from the NBA's 2017-18 Portfolio Budget Statements (PBS)).

2. Explanations of major variances are provided in Note 8.1D.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Administered Schedule of Assets and Liabilities for the NBA

as at 30 June 2018

	Actual	Budget ¹	Variance ²
	2018	2018	2018
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	183 397	337	183 060
Trade and other receivables	18 638	24 469	(5 831)
Other investments	126 900	128 816	(1 916)
Other financial assets	76 032	-	76 032
Total financial assets	404 967	153 622	175 313
Non-financial assets			
Inventories	98 221	105 598	(7 377)
Property, plant and equipment	60	115	(55)
Intangibles	4 519	2 819	1 700
Prepayments	5	76 055	(76 050)
Total non-financial assets	102 805	184 587	(81 782)
Total assets administered on behalf of Government	507 772	338 209	93 531
LIABILITIES			
Payables			
Suppliers	70 661	51 489	19 172
Total payables	70 661	51 489	19 172
Total liabilities administered on behalf of Government	70 661	51 489	19 172
Net assets	437 111	286 720	74 359

1. The budget figure represents the NBA's original budgeted financial statements that were first presented to parliament in respect of the reporting period (i.e. from the NBA's 2017-18 Portfolio Budget Statements (PBS)).

2. Explanations of major variances are provided in Note 8.1D.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

Note 8.1D: Administered Major Budget Variances for 2018

Explanations of major variances	Affected line items (and statement)
Administered Schedule of Comprehensive Income	
<u>Suppliers</u> This variance is mainly as a result of the return by the Australian Red Cross Blood Service of \$22.27m as a result of efficiencies associated with the 2016-17 Output Based Funding Model.	<i>Suppliers (Administered Schedule of Comprehensive Income), Deficit/Surplus (Administered Schedule of Comprehensive Income)</i>
<u>Funding from governments</u> The variance predominantly relates to the return of \$39.38m to the Commonwealth, and State and Territory Governments for the 2016-17 end of year reconciliation as part of the National Blood Agreement.	<i>Funding from governments (Administered Schedule of Comprehensive Income), Deficit/Surplus (Administered Schedule of Comprehensive Income)</i>
Administered Schedule of Assets and Liabilities	
<u>Cash and cash equivalents</u> This variance is primarily as a result of classification of Special Account - Cash held in the OPA as Cash and cash equivalents. The 2017-18 Portfolio Budget Statements does not disclose Special Account - Cash held in the OPA in their statements.	<i>Cash and cash equivalents, Trade and other receivables (Administered Schedule of Assets and Liabilities)</i>
<u>Trade and other receivables</u> This variance is as a result of timing of payments at year end.	<i>Trade and other receivables (Administered Schedule of Assets and Liabilities)</i>
<u>Other financial assets</u> An advance to the Australian Red Cross Blood Service which the NBA previously classified as a prepayment is now classified as a financial asset. The budgeted amount for this advance is reflected in the Prepayments line item of the schedule.	<i>Other financial assets, Trade and other receivables (Administered Schedule of Assets and Liabilities)</i>
<u>Inventories</u> This variance was caused by two main factors: a decrease in inventories held for distribution and a reduction in the plasma unit costs as a result of increased collection volumes.	<i>Inventories (Administered Schedule of Assets and Liabilities), Suppliers (Administered Schedule of Comprehensive Income)</i>
<u>Suppliers</u> This variance is as a result of timing of payments at year end.	<i>Suppliers (Administered Schedule of Assets and Liabilities)</i>

END OF FINANCIAL STATEMENTS

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

