



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Health

#### Opinion

In my opinion, the financial statements of the National Blood Authority ('the Entity') for the year ended 30 June 2019:

- (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 Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 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 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 Entity 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 Officer (CEO) is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the CEO is responsible for assessing the ability of the Entity 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 CEO 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 skepticism 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 the Accountable Authority 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

A handwritten signature in blue ink, appearing to read 'S Benfield', is positioned above the printed name.

Sean Benfield

Executive Director

Delegate of the Auditor-General

Canberra

23 August 2019

**NATIONAL BLOOD AUTHORITY**  
**FINANCIAL STATEMENTS**  
*for the year ended 30 June 2019*

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**Statement by the Accountable Authority and Chief Financial Officer**

In our opinion, the attached financial statements for the year ended 30 June 2019 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.



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John Cahill  
Accountable Authority

22 August 2019



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Ashley Jackson  
Chief Financial Officer

22 August 2019

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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 2019*

	Notes	2019 \$'000	2018 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1.1A	7 438	6 637
Suppliers	1.1B	2 909	4 698
Depreciation and amortisation	2.2	478	395
Finance costs - Unwinding of discount		3	( 1)
<b>Total expenses</b>		<b>10 828</b>	<b>11 729</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	1.2A	786	493
Other revenue - Funding from State and Territory governments		3 617	3 528
<b>Total own-source revenue</b>		<b>4 403</b>	<b>4 021</b>
<b>Gains</b>			
Resources received free of charge - Remuneration of auditors		66	66
<b>Total gains</b>		<b>66</b>	<b>66</b>
<b>Total own-source income</b>		<b>4 469</b>	<b>4 087</b>
<b>Net cost of services</b>		<b>6 359</b>	<b>7 642</b>
Revenue from Government - Departmental annual appropriations		5 682	5 590
<b>Surplus / (Deficit) attributable to the Australian Government</b>		<b>( 677)</b>	<b>(2 052)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus	2.2	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) attributable to the Australian Government</b>		<b>( 677)</b>	<b>(2 052)</b>

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

**NATIONAL BLOOD AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2019*

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	2.1A	8 678	8 069
Trade and other receivables	2.1B	1 353	919
<b>Total financial assets</b>		<b>10 031</b>	<b>8 988</b>
<b>Non-Financial Assets</b>			
Leasehold improvements	2.2	570	738
Property, plant and equipment	2.2	580	635
Intangibles	2.2	160	56
Prepayments		164	210
<b>Total non-financial assets</b>		<b>1 474</b>	<b>1 639</b>
<b>Total assets</b>		<b>11 505</b>	<b>10 627</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	2.3A	794	157
Other payables	2.3B	488	559
<b>Total payables</b>		<b>1 282</b>	<b>716</b>
<b>Provisions</b>			
Employee provisions	6.1	2 414	2 045
Other provisions	2.4	172	169
<b>Total provisions</b>		<b>2 586</b>	<b>2 214</b>
<b>Total liabilities</b>		<b>3 868</b>	<b>2 930</b>
<b>Net assets</b>		<b>7 637</b>	<b>7 697</b>
<b>EQUITY</b>			
Contributed equity		5 182	4 565
Reserves		460	460
Retained surplus		1 995	2 672
<b>Total equity</b>		<b>7 637</b>	<b>7 697</b>

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 2019*

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	2 672	4 723	460	460	4 565	3 944	7 697	9 127
Adjustment for errors	-	1	-	-	-	-	-	1
<b>Adjusted opening balance</b>	<b>2 672</b>	<b>4 724</b>	<b>460</b>	<b>460</b>	<b>4 565</b>	<b>3 944</b>	<b>7 697</b>	<b>9 128</b>
<b>Comprehensive Income</b>								
Other comprehensive income	-	-	-	-	-	-	-	-
Surplus / (Deficit) for the period	(677)	(2 052)	-	-	-	-	(677)	(2 052)
<b>Total comprehensive income attributable to Australian Government</b>	<b>(677)</b>	<b>(2 052)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(677)</b>	<b>(2 052)</b>
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Departmental capital budget	-	-	-	-	617	621	617	621
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>617</b>	<b>621</b>	<b>617</b>	<b>621</b>
<b>Closing balance as at 30 June attributable to Australian Government</b>	<b>1 995</b>	<b>2 672</b>	<b>460</b>	<b>460</b>	<b>5 182</b>	<b>4 565</b>	<b>7 637</b>	<b>7 697</b>

**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 2019*

	Notes	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		5 682	5 586
Sales of goods and rendering of services		4 357	3 996
Net GST received		227	273
<b>Total cash received</b>		<u>10 266</u>	<u>9 855</u>
<b>Cash used</b>			
Employees		7 059	6 508
Suppliers		2 466	5 243
<b>Total cash used</b>		<u>9 525</u>	<u>11 751</u>
<b>Net cash from / (used by) operating activities</b>		<u>741</u>	<u>(1 896)</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment		198	452
Purchase of intangibles		160	-
<b>Total cash used</b>		<u>358</u>	<u>452</u>
<b>Net cash from / (used by) investing activities</b>		<u>( 358)</u>	<u>( 452)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity - Departmental capital budget		226	533
<b>Total cash received</b>		<u>226</u>	<u>533</u>
<b>Net cash from / (used by) financing activities</b>		<u>226</u>	<u>533</u>
<b>Net increase / (decrease) in cash held</b>		<u>609</u>	<u>(1 815)</u>
Cash and cash equivalents at the beginning of the reporting period		8 069	9 884
<b>Cash and cash equivalents at the end of the reporting period <sup>1</sup></b>	2.1A	<u>8 678</u>	<u>8 069</u>

<sup>1</sup> 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 2019*

	Notes	2019 \$'000	2018 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee Benefits	3.1A	569	703
Suppliers	3.1B	1 193 734	1 163 196
Grants - Non-profit organisations	3.1C	738	599
Depreciation and amortisation	4.2B	1 031	572
<b>Total expenses</b>		<b>1 196 072</b>	<b>1 165 070</b>
<b>Income</b>			
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Funding from governments	3.2	1 203 591	1 153 302
Interest - Deposits		3 617	3 635
Other revenue		713	1 811
<b>Total non-taxation revenue</b>		<b>1 207 921</b>	<b>1 158 748</b>
<b>Total revenue</b>		<b>1 207 921</b>	<b>1 158 748</b>
<b>Net (cost of) / contribution by services</b>		<b>11 849</b>	<b>( 6 322)</b>
<b>Surplus / (Deficit)</b>		<b>11 849</b>	<b>( 6 322)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss)</b>	3.1B & 3.2	<b>11 849</b>	<b>( 6 322)</b>

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 2019*

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4.1A	168 335	183 397
Trade and other receivables	4.1B	28 988	18 638
Other investments	4.1C	129 800	126 900
Other financial assets	4.1D	76 032	76 032
<b>Total financial assets</b>		<b>403 155</b>	<b>404 967</b>
<b>Non-financial assets</b>			
Inventories	4.2A	100 985	98 221
Property, plant and equipment	4.2B	25	60
Intangibles	4.2B	5 882	4 519
Prepayments		-	5
<b>Total non-financial assets</b>		<b>106 892</b>	<b>102 805</b>
<b>Total assets administered on behalf of Government</b>		<b>510 047</b>	<b>507 772</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	4.3	57 683	70 661
<b>Total payables</b>		<b>57 683</b>	<b>70 661</b>
<b>Total liabilities administered on behalf of Government</b>		<b>57 683</b>	<b>70 661</b>
<b>Net assets</b>		<b>452 364</b>	<b>437 111</b>

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

**NATIONAL BLOOD AUTHORITY**  
**ADMINISTERED RECONCILIATION SCHEDULE**  
*as at 30 June 2019*

	2019 \$'000	2018 \$'000
<b>Opening administered assets less administered liabilities as at 1 July</b>	<b>437 111</b>	<b>439 573</b>
<b>Net (cost of) / contribution by services</b>		
Income	1 207 921	1 158 748
Expenses		
Payments to entities other than corporate Commonwealth entities	( 1 196 072)	( 1 165 070)
<b>Other comprehensive income</b>		
Revaluations transferred to reserves	-	-
<b>Transfers (to) / from the Australian Government:</b>		
Appropriation transfers from Official Public Account:		
Annual appropriations	3 404	3 860
<b>Closing assets less liabilities as at 30 June</b>	<b>452 364</b>	<b>437 111</b>

**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 2019*

	Notes	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Commonwealth contributions		754 787	718 621
State and territory contributions		440 000	435 364
Interest		3 404	3 680
Net GST received		119 609	117 525
Other		713	1 798
<b>Total cash received</b>		<b>1 318 513</b>	<b>1 276 988</b>
<b>Cash used</b>			
Employees		569	702
Grants		738	599
Suppliers		1 330 351	1 265 853
<b>Total cash used</b>		<b>1 331 658</b>	<b>1 267 154</b>
<b>Net cash (used by)/ from operating activities</b>		<b>(13 145)</b>	<b>9 834</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Maturity of investments		63 600	50 500
<b>Total cash received</b>		<b>63 600</b>	<b>50 500</b>
<b>Cash used</b>			
Purchase of property, plant & equipment and intangibles		2 421	2 047
Acquisition of investments		66 500	54 300
<b>Total cash used</b>		<b>68 921</b>	<b>56 347</b>
<b>Net cash (used by) investing activities</b>		<b>( 5 321)</b>	<b>( 5 847)</b>
Cash and cash equivalents at the beginning of the reporting period		183 397	175 550
<b>Cash from the Official Public Account</b>			
Appropriations		3 404	3 860
<b>Total cash from the Official Public Account</b>		<b>3 404</b>	<b>3 860</b>
<b>Cash to the Official Public Account</b>			
Special accounts		( 3 404)	( 3 860)
<b>Total cash to the Official Public Account</b>		<b>( 3 404)</b>	<b>( 3 860)</b>
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>	4.1A	<b>168 335</b>	<b>183 397</b>

<sup>1</sup> 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 2019

### 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 2018-19 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) ; 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 including AASB 9 *Financial Instruments* that were issued by the 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 2019

## 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 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 (less than \$5,000) 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. The implementation of AASB 16 is not expected to materially impact on the NBA's financial statements for future reporting periods. The NBA has not yet completed a formal assessment of the implications of AASB 16, but is in the preliminary stages of doing so.
- 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. The NBA has not yet completed a formal assessment of the implications of AASB 1058, but is in the preliminary stages of completing the assessment.
- 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. The NBA has not yet completed a formal assessment of the implications of AASB 15, but is in the preliminary stages of completing the assessment.

## **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 2019 with the potential to significantly affect the ongoing structure and financial activities of the NBA.

### **Administered**

There were no events occurring after 30 June 2019 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 2019

**1. DEPARTMENTAL FINANCIAL PERFORMANCE**

*This section analyses the financial performance of the NBA for the year ended 2019*

<b>NOTE 1.1: Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	4 657	4 484
Superannuation:		
Defined contribution plans	488	495
Defined benefit plans	475	382
Leave and other entitlements	1 676	1 089
Separation and redundancies	-	65
Other employee benefits	142	122
<b>Total employee benefits</b>	<b>7 438</b>	<b>6 637</b>

**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	70	151
Contractors	546	2 234
Travel	236	214
Legal	4	24
IT services	769	779
Other	629	681
<b>Total goods and services supplied or rendered</b>	<b>2 254</b>	<b>4 083</b>

Goods supplied	207	219
Services rendered	2 048	3 864
<b>Total goods and services supplied or rendered</b>	<b>2 255</b>	<b>4 083</b>

**Other suppliers**

Operating lease rentals	630	565
Workers compensation expenses	25	50
<b>Total other suppliers</b>	<b>655</b>	<b>615</b>

<b>Total suppliers</b>	<b>2 909</b>	<b>4 698</b>
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**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**  
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*for the year ended 30 June 2019*

**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:

	<b>2019</b>	2018
	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	<b>649</b>	667
Between 1 to 5 years	<b>1 421</b>	2 094
<b><i>Total operating lease commitments</i></b>	<b>2 070</b>	2 761

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

**NATIONAL BLOOD AUTHORITY**  
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<b>NOTE 1.2: Own-Source Income</b>	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>OWN-SOURCE REVENUE</b>		

**Note 1.2A: Sale of Goods and Rendering of Services**

Rendering of services	<b>786</b>	493
<b>Total sale of goods and rendering of services</b>	<b>786</b>	493

**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 9 *Financial Instruments*.

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.

**NATIONAL BLOOD AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**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.*

<b>NOTE 2.1: Financial Assets</b>	<b>2019</b>	2018
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 2.1A: Cash and Cash Equivalents</b>		
Special Account - cash on hand or on deposit	<b>610</b>	29
Special Account - cash held in the OPA	<b>8 068</b>	8 040
<b>Total cash and cash equivalents</b>	<b>8 678</b>	8 069

**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	<b>212</b>	166
<b>Total goods and services receivables</b>	<b>212</b>	166

**Appropriations receivable:**

For existing programs	<b>1 123</b>	732
<b>Total appropriations receivable</b>	<b>1 123</b>	732

**Other receivables:**

GST receivable from the Australian Taxation Office	<b>18</b>	21
<b>Total other receivables</b>	<b>18</b>	21

**Total trade and other receivables (gross)**

<b>1 353</b>	919
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**Receivables are expected to be recovered in:**

No more than 12 months	<b>1 353</b>	919
<b>Total trade and other receivables (net)</b>	<b>1 353</b>	919

Credit terms for goods and services were within 30 days from date of invoice (2018: 30 days)

**Accounting Policy:**

Financial Assets

Trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance. The NBA's trade and other receivables do not have a significant financing component. Hence the NBA uses the simplified approach for trade receivables and other receivables as per AASB 9 *Financial Instruments*. Under this model the NBA will recognise a loss allowance equivalent to the receivables' lifetime expected credit loss (ECL) as a provision in the Statement of Financial Position and as an expense in the Statement of Comprehensive Income, once there is an indication that there is a possibility of a credit loss from default events. No ECL was recognised in 2018-19.

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 2019*

**NOTE 2.2: Non-Financial Assets**

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

	Intangibles				Total \$'000
	Leasehold improvements \$'000	Other property, plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	
<b>As at 1 July 2018</b>					
Gross book value	939	847	2 928	673	5 387
Accumulated depreciation, amortisation & impairment	( 201)	( 212)	( 2 885)	( 660)	( 3 958)
<b>Net book value 1 July 2018</b>	<b>738</b>	<b>635</b>	<b>43</b>	<b>13</b>	<b>1 429</b>
<b>Additions:</b>					
By purchase	29	170	-	160	359
Depreciation and amortisation	( 197)	( 225)	( 43)	( 13)	( 478)
<b>Net book value 30 June 2019</b>	<b>570</b>	<b>580</b>	<b>0</b>	<b>160</b>	<b>1 310</b>
<b>Net book value as of 30 June 2019 represented by:</b>					
Gross book value	968	1 016	2 928	833	5 745
Accumulated depreciation, amortisation & impairment	( 398)	( 436)	( 2 928)	( 673)	( 4 435)
	<b>570</b>	<b>580</b>	<b>-</b>	<b>160</b>	<b>1 310</b>

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. Non-financial assets are assessed for impairment at the end of each financial year.

The NBA did not undertake a revaluation of leasehold improvements or property, plant and equipment during 2018-19. There were no revaluation increments or decrements on any class of assets recognised in 2018-19 (2017-18: nil).

**NATIONAL BLOOD AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**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).

<b>Asset class</b>	<b>Recognition Threshold</b>
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.

<b>Asset class</b>	<b>Fair value measured at</b>
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 every three years to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. If there is a material difference between the carrying amount and assets' carrying amount then a valuation will be conducted. 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:

<b>Asset class</b>	<b>2019</b>	<b>2018</b>
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 2019. 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:

<b>Type</b>	<b>2019</b>	<b>2018</b>
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 2019.

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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**NOTE 2.3: Payables**

<b>2019</b>	2018
<b>\$'000</b>	<b>\$'000</b>

**Note 2.3A: Suppliers**

Trade creditors and accruals

<b>794</b>	157
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**Total suppliers**

<b>794</b>	157
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Settlement was usually made within 30 days.

**Note 2.3B: Other Payables**

Wages and salaries

<b>47</b>	38
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Superannuation

<b>9</b>	8
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Operating lease rentals and incentive

<b>432</b>	513
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**Total other payables**

<b>488</b>	559
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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**

	<b>Provision for restoration</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount 1 July 2018</b>	<b>169</b>	<b>169</b>
Additional provisions made	-	-
Unwinding of discount or change in discount rate	<b>3</b>	<b>3</b>
<b>Closing balance 30 June 2019</b>	<b>172</b>	<b>172</b>

The NBA currently has 2 agreements (2018: 2) 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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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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.*

<b>NOTE 3.1: Administered - Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 3.1A: Employee Benefits</b>		
Wages and salaries	436	540
Superannuation:		
Defined contribution plans	29	47
Defined benefit plans	63	55
Leave and other entitlements	41	55
Other employee benefits	-	6
<b>Total employee benefits <sup>1</sup></b>	<b>569</b>	<b>703</b>

<sup>1</sup> 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	1 188 921	1 158 881
Consultants	1 552	1 239
Contractors	2 882	2 664
Travel	57	79
IT services	163	183
Other	159	150
<b>Total goods and services supplied or rendered</b>	<b>1 193 734</b>	<b>1 163 196</b>
Goods supplied	1 189 116	1 159 044
Services rendered	4 618	4 152
<b>Total goods and services supplied or rendered</b>	<b>1 193 734</b>	<b>1 163 196</b>

**Accounting Policy:**

**Suppliers**

Under the Deed of Agreement with the Australian Red Cross Blood Service (ARCBS or Blood Service), surpluses greater than \$5 million in any particular year are returned to the NBA in the following year. In 2018-19, \$39.7m (2018: \$22m) was returned by the ARCBS which related to the 2017-18 financial year. This return reduces supplier expenses in the current year.

**NATIONAL BLOOD AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2019*

**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 three rounds of the research and development pilot is included in this year's financial statements.

**NOTE 3.2: Administered - Income**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-Taxation Revenue</b>		
<b>Funding from Governments</b>		
Commonwealth contributions	754 787	718 621
State & Territory contributions	448 804	434 681
<b>Total funding from governments</b>	<b>1 203 591</b>	<b>1 153 302</b>

**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:

- 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.

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.



**NATIONAL BLOOD AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**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.*

<b>NOTE 4.1: Administered - Financial Assets</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4.1A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	251	251
Cash held in the OPA	168 084	183 146
<b>Total cash and cash equivalents</b>	<b>168 335</b>	<b>183 397</b>
<b>Note 4.1B: Trade and Other Receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	19 129	10 325
<b>Total goods and services receivables</b>	<b>19 129</b>	<b>10 325</b>
<b>Other receivables:</b>		
Interest	1 849	1 635
GST receivable from the Australian Taxation Office	8 010	6 678
<b>Total other receivables</b>	<b>9 859</b>	<b>8 313</b>
<b>Total trade and other receivables (gross)</b>	<b>28 988</b>	<b>18 638</b>
<b>Total trade and other receivables (net)</b>	<b>28 988</b>	<b>18 638</b>
<b>Trade and other receivables are expected to be recovered in:</b>		
No more than 12 months	28 988	18 638
<b>Total trade and other receivables (net)</b>	<b>28 988</b>	<b>18 638</b>

Credit terms are within 30 days from date of invoice (2018: 30 days).

**Accounting Policy:**

**Financial Assets**

Trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance. The NBA's trade and other receivables do not have a significant financing component. Hence the NBA uses the simplified approach for trade receivables and other receivables as per AASB 9 *Financial Instruments*. Under this model the NBA will recognise a loss allowance equivalent to the receivables' lifetime expected credit loss (ECL) as a provision in the Statement of Financial Position and as an expense in the Statement of Comprehensive Income, once there is an indication that there is a possibility of a credit loss from default events. No ECL was recognised in 2018-19.

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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<b>NOTE 4.1: Administered - Financial Assets</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4.1C: Other Investments</b>		
Deposits <sup>1</sup>	129 800	126 900
<b>Total other investments</b>	<b>129 800</b>	<b>126 900</b>

<sup>1</sup> 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 2019 is \$131,491,103 (30 June 2018: \$128,108,688), and is made up of a combination of cash (\$250,843), investments (\$129,800,000) and the balance of the special account (\$1,440,260).

<b>Note 4.1D: Other Financial Assets</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Advances <sup>2</sup>	76 032	76 032
<b>Total other financial assets</b>	<b>76 032</b>	<b>76 032</b>

<sup>2</sup> 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)).

<b>NOTE 4.2: Administered - Non-Financial Assets</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4.2A: Inventories</b>		
National Reserve inventory held for distribution	54 766	51 322
Other inventory held for distribution	46 219	46 899
<b>Total inventories</b>	<b>100 985</b>	<b>98 221</b>

During 2018-19, \$390,044 of inventory held for distribution related to a net write-off of damaged and expired stock and was recognised as an expense (2017-18: \$659,247). No items of inventory were recognised at fair value less cost to sell. All inventory is expected to be distributed in the next twelve 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:

- a) 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
- b) finished goods – 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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**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	
<b>As at 1 July 2018</b>				
Gross book value	117	7 282	147	7 546
Accumulated depreciation, amortisation & impairment	( 57)	( 2 763)	( 147)	( 2 967)
<b>Net book value 1 July 2018</b>	<b>60</b>	<b>4 519</b>	<b>-</b>	<b>4 579</b>
<b>Additions:</b>				
By purchase	-	-	-	-
Internally developed	-	2 421	-	2 421
Depreciation and amortisation	( 35)	( 996)	-	( 1 031)
Disposals				
Other	-	( 62)	-	( 62)
<b>Net book value 30 June 2019</b>	<b>25</b>	<b>5 882</b>	<b>-</b>	<b>5 907</b>
<b>Net book value as of 30 June 2019 represented by:</b>				
Gross book value	117	9 519	147	9 783
Accumulated depreciation, amortisation & impairment	( 92)	( 3 637)	( 147)	( 3 876)
	<b>25</b>	<b>5 882</b>	<b>-</b>	<b>5 907</b>

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 2018-19. There were no revaluation increments or decrements on any class of assets recognised in 2018-19 (2017-18: nil).

**NOTE 4.3: Administered - Payables**

	2019 \$'000	2018 \$'000
<b>Suppliers</b>		
Trade creditors and accruals	57 683	70 661
<b>Total suppliers</b>	<b>57 683</b>	<b>70 661</b>

Settlement was usually made within 30 days.

**NATIONAL BLOOD AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**5. FUNDING**

*This section identifies the NBA's funding structure.*

**NOTE 5.1: Appropriations**

**5.1A: Annual Appropriations (Recoverable GST exclusive)**

**Annual Appropriations for 2019**

	Annual Appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total Appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance \$'000
<b>DEPARTMENTAL</b>					
Ordinary annual services	5 682	586	6 268	5 682	586
Capital Budget <sup>2</sup>	617	-	617	226	391
<b>Total departmental</b>	<b>6 299</b>	<b>586</b>	<b>6 885</b>	<b>5 908</b>	<b>977</b>
<b>ADMINISTERED</b>					
Ordinary annual services Administered items	3 404	-	3 404	3 404	-
<b>Total administered</b>	<b>3 404</b>	<b>-</b>	<b>3 404</b>	<b>3 404</b>	<b>-</b>

(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 2018**

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

(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.

**5.1B: Unspent Annual Appropriations (Recoverable GST exclusive)**

	2019 \$'000	2018 \$'000
<b>DEPARTMENTAL</b>		
Cash	610	29
Appropriation Act (No.1) 2016-17	-	107
Appropriation Act (No.1) 2017-18	506	625
Appropriation Act (No.1) 2018-19	617	-
<b>Total</b>	<b>1,733</b>	<b>761</b>

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 2019

**NOTE 5.2: Special Accounts**

	The National Blood Account <sup>1</sup>		NMF Blood and Blood Products Special Account 2017 <sup>2</sup>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Balance brought forward from previous period</b>	<b>197 725</b>	<b>191 778</b>	<b>958</b>	<b>1 082</b>
<b>Increases</b>				
Appropriation credited to special account	9 312	9 979	-	-
Costs recovered	-	-	-	-
Realised investments	-	-	63 600	50 500
Other receipts - Commonwealth contributions	754 787	718 621	-	-
Other receipts - State and territory contributions	443 979	438 892	-	-
Other receipts - External parties	1 318	2 225	3 402	3 676
<b>Total increases</b>	<b>1 209 396</b>	<b>1 169 717</b>	<b>67 002</b>	<b>54 176</b>
<b>Available for payments</b>	<b>1 407 121</b>	<b>1 361 495</b>	<b>67 960</b>	<b>55 258</b>
<b>Decreases:</b>				
<b>Departmental</b>				
Payments made to employees	7 059	6 512	-	-
Payments made to suppliers	2 824	5 385	-	-
<b>Total departmental decreases</b>	<b>9 883</b>	<b>11 897</b>	<b>-</b>	<b>-</b>
<b>Administered</b>				
Payments made to employees	569	702	-	-
Payments made to suppliers	1 221 326	1 151 171	20	-
Investments made from the special account (PGPA Act section 58)	-	-	66 500	54 300
<b>Total administered decreases</b>	<b>1 221 895</b>	<b>1 151 873</b>	<b>66 520</b>	<b>54 300</b>
<b>Total decreases</b>	<b>1 231 778</b>	<b>1 163 770</b>	<b>66 520</b>	<b>54 300</b>
<b>Total balance carried forward to the next period</b>	<b>175 343</b>	<b>197 725</b>	<b>1 440</b>	<b>958</b>
<b>Balance represented by:</b>				
Cash held in entity bank accounts	610	29	-	-
Cash held in the Official Public Account	174 733	197 696	1 440	958
<b>Total balance carried forward to the next period</b>	<b>175 343</b>	<b>197 725</b>	<b>1 440</b>	<b>958</b>

<sup>1</sup> *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.*

<sup>2</sup> *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.*

**NATIONAL BLOOD AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**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.*

<b>NOTE 6.1: Employee Provisions</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Leave	<b>2 414</b>	1 980
Separations and redundancies	-	65
<b>Total employee provisions</b>	<b>2 414</b>	<b>2 045</b>

**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 using 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 2019*

**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, Deputy Chief Executive - Commercial Blood Products and Business Services and Deputy Chief Executive - Fresh Blood Products and Business Systems. Key management personnel remuneration is reported in the table below:

	2019 \$	2018 \$
Short-term employee benefits	701 994	593 510
Post-employment benefits	98 233	73 514
Other long-term benefits	19 682	9 947
<b>Total key management personnel compensation expenses <sup>1</sup></b>	<b>819 909</b>	<b>676 971</b>

The total number of key management personnel that are included in the above table are 3 (2018: 2).

1. The key management personnel for the NBA were the Chief Executive and Deputy General Manager/General Counsel in 2017-18. An additional SES officer has since been appointed by the NBA following an organisational restructure in December 2018.

**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 government 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 (2018: 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 2019*

**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**

	2019	2018
	\$'000	\$'000
<b>Contingent liabilities</b>		
Indemnities	149 961	170 579
<b>Total contingent liabilities</b>	<b>149 961</b>	<b>170 579</b>
<b>Net administered contingent liabilities</b>	<b>149 961</b>	<b>170 579</b>

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

**Quantifiable Administered Contingencies**

The above table contains \$149,961,000 of contingent liabilities disclosed in respect to the Deed of Indemnity between the Red Cross and the NBA (2018: \$170,579,000). 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 Australian Red Cross Society (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 2019, the NBA had three unquantifiable contingencies (2018: 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 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 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.

## NOTE 7.2: Financial Instruments

### NOTE 7.2: Categories of Financial Instruments

	2019 \$'000	2018 \$'000
<b>Financial Assets</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	8 678	8 069
Trade and other receivables	212	166
<b>Total financial assets at amortised cost</b>	<b>8 890</b>	<b>8 235</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade and other creditors	794	157
<b>Total financial liabilities measured at amortised cost</b>	<b>794</b>	<b>157</b>

The NBA has applied AASB 9 retrospectively, with the initial application date of 1 July 2018 and there are no impacts to the comparatives information for the period beginning 1 July 2017. The NBA has not designated any financial liabilities as at fair value through profit or loss, there are no changes in classification and measurement for the NBA's financial liabilities.

The following tables represents the required reclassifications and reconciliation of the carrying amounts upon the adoption of AASB 9.

#### Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018	AASB 9 carrying amount at 1 July 2018
Cash and cash equivalents	2.1A	Amortised Cost	Amortised Cost	8 069	8 069
Trade and other receivables	2.1B	L&R <sup>1</sup>	Amortised Cost	166	166
<b>Total financial assets</b>				<b>8 235</b>	<b>8 235</b>

1. Loans and receivables

#### Reconciliation of carrying amount of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	8 069	-	-	8 069
Trade and other receivables	166	-	-	166
<b>Total financial assets at amortised cost</b>	<b>8 235</b>	<b>-</b>	<b>-</b>	<b>8 235</b>

#### Accounting Policy:

##### Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2018-19, the entity classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

##### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

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 2019*

**NOTE 7.3: Administered - Financial Instruments**

**NOTE 7.3A: Categories of Financial Instruments**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
<b>Financial assets at amortised cost</b>		
Deposits	129 800	126 900
Advances	76 032	76 032
Cash and cash equivalents	168 335	183 397
Trade and other receivables	28 988	18 638
<b>Total financial assets at amortised cost</b>	<b>403 155</b>	<b>404 967</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities at amortised cost:</b>		
Trade and other creditors	57 683	70 661
<b>Total financial liabilities at amortised cost</b>	<b>57 683</b>	<b>70 661</b>
<b>Note 7.3B: Net Gains or Losses on Financial Assets</b>		
<b>Financial assets at amortised cost</b>		
Interest Revenue	3 617	3 635
<b>Net gain on financial assets at amortised cost</b>	<b>3 617</b>	<b>3 635</b>

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 2019*

**NOTE 7.3: Administered - Financial Instruments (continued)**

**Classification of financial assets on the date of initial application of AASB 9**

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Deposits	4.1C	HTM <sup>1</sup>	Amortised Cost	126 900	126 900
Advances	4.1D	HTM <sup>1</sup>	Amortised Cost	76 032	76 032
Cash and cash equivalents	4.1A	Amortised Cost	Amortised Cost	183 397	183 397
Trade and other receivables	4.1B	L&R <sup>2</sup>	Amortised Cost	18 638	18 638
<b>Total financial assets</b>				<b>404 967</b>	<b>404 967</b>

1. Held to maturity

2. Loans and receivables

**Reconciliation of carrying amount of financial assets on the date of initial application of AASB 9**

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
<b>Financial assets at amortised cost</b>				
Deposits	126 900	-	-	126 900
Advances	76 032	-	-	76 032
Cash and cash equivalents	183 397	-	-	183 397
Trade and other receivables	18 638	-	-	18 638
<b>Total financial assets</b>	<b>404 967</b>	<b>-</b>	<b>-</b>	<b>404 967</b>

**Accounting Policy:**

**Financial assets**

With the implementation of AASB 9 *Financial Instruments* for the first time in 2018-19, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date. Comparatives have not been restated on initial application.

**Financial Assets at Amortised Cost**

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
  2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.
- Amortised cost is determined using the effective interest method.

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 2019*

**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	
	2019 \$'000	2018 \$'000
<b>Non-financial assets</b>		
Leasehold Improvements	570	738
Plant and Equipment	580	635

**NOTE 7.5 Administered - Fair Value Measurement**

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
<b>Non-financial assets</b>		
Plant and Equipment	25	60

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 2019

**NOTE 8.1: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES**

The following tables provide a comparison of the original budget as presented in the 2018-19 Portfolio Budget Statements (PBS) to the 2018-19 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 2019

	Actual	Budget <sup>1</sup>	Variance <sup>2</sup>
	2019	2019	2019
	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	7 438	6 500	938
Suppliers	2 909	3 206	( 297)
Depreciation and amortisation	478	311	167
Finance costs - Unwinding of discount	3	6	( 3)
<b>Total expenses</b>	<b>10 828</b>	<b>10 023</b>	<b>805</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	786	250	536
Other revenue - Funding from State and Territory governments	3 617	3 699	( 82)
<b>Total own-source revenue</b>	<b>4 403</b>	<b>3 949</b>	<b>454</b>
<b>Gains</b>			
Resources received free of charge - Remuneration of auditors	66	81	( 15)
<b>Total gains</b>	<b>66</b>	<b>81</b>	<b>( 15)</b>
<b>Total own-source income</b>	<b>4 469</b>	<b>4 030</b>	<b>439</b>
<b>Net cost of services</b>	<b>6 359</b>	<b>5 993</b>	<b>366</b>
Revenue from Government - Departmental annual appropriations	5 682	5 682	-
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>( 677)</b>	<b>( 311)</b>	<b>( 366)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>( 677)</b>	<b>( 311)</b>	<b>( 366)</b>

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 2018-19 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 2019**

**Statement of Changes in Equity for the NBA  
for the year ended 30 June 2019**

	Retained earnings		Asset revaluation surplus				Contributed equity/capital				Total equity	
	Actual	Budget <sup>1</sup>	Variance <sup>2</sup>	Actual	Budget <sup>1</sup>	Variance <sup>2</sup>	Actual	Budget <sup>1</sup>	Variance <sup>2</sup>	Actual	Budget <sup>1</sup>	Variance <sup>2</sup>
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
<b>Opening balance</b>												
Balance carried forward from previous period	2 672	2 602	70	460	460	-	4 565	4 565	-	7 697	7 627	70
<b>Adjusted opening balance</b>	<b>2 672</b>	<b>2 602</b>	<b>70</b>	<b>460</b>	<b>460</b>	<b>-</b>	<b>4 565</b>	<b>4 565</b>	<b>-</b>	<b>7 697</b>	<b>7 627</b>	<b>70</b>
<b>Comprehensive Income</b>												
Surplus / (Deficit) for the period	(677)	(311)	(366)	-	-	-	-	-	-	(677)	(311)	(366)
<b>Total comprehensive income</b>	<b>(677)</b>	<b>(311)</b>	<b>(366)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(677)</b>	<b>(311)</b>	<b>(366)</b>
<b>Transactions with owners</b>												
<b>Contributions by owners</b>												
Departmental capital budget	-	-	-	-	-	-	617	617	-	617	617	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>617</b>	<b>617</b>	<b>-</b>	<b>617</b>	<b>617</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>1 995</b>	<b>2 291</b>	<b>(296)</b>	<b>460</b>	<b>460</b>	<b>-</b>	<b>5 182</b>	<b>5 182</b>	<b>-</b>	<b>7 637</b>	<b>7 933</b>	<b>(296)</b>

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 2018-19 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 2019*

**Statement of Financial Position for the NBA**  
*as at 30 June 2019*

	Actual	Budget <sup>1</sup>	Variance <sup>2</sup>
	2019	2019	2019
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	8 678	8 752	( 74)
Trade and other receivables	1 353	125	1 228
<b>Total financial assets</b>	<b>10 031</b>	<b>8 877</b>	<b>1 154</b>
<b>Non-Financial Assets</b>			
Leasehold improvements	570	568	2
Property, plant and equipment	580	433	147
Intangibles	160	934	( 774)
Prepayments	164	168	( 4)
<b>Total non-financial assets</b>	<b>1 474</b>	<b>2 103</b>	<b>( 629)</b>
<b>Total assets</b>	<b>11 505</b>	<b>10 980</b>	<b>525</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	794	384	410
Other payables	488	616	( 128)
<b>Total payables</b>	<b>1 282</b>	<b>1 000</b>	<b>282</b>
<b>Provisions</b>			
Employee provisions	2 414	1 892	522
Other provisions	172	155	17
<b>Total provisions</b>	<b>2 586</b>	<b>2 047</b>	<b>539</b>
<b>Total liabilities</b>	<b>3 868</b>	<b>3 047</b>	<b>821</b>
<b>Net assets</b>	<b>7 637</b>	<b>7 933</b>	<b>( 296)</b>
<b>EQUITY</b>			
Contributed equity	5 182	5 182	-
Reserves	460	460	-
Retained surplus	1 995	2 291	( 296)
<b>Total equity</b>	<b>7 637</b>	<b>7 933</b>	<b>( 296)</b>

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 2018-19 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 2019*

**Cash Flow Statement for the NBA**  
*for the year ended 30 June 2019*

	<b>Actual</b>	<b>Budget <sup>1</sup></b>	<b>Variance <sup>2</sup></b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	5 682	5 682	-
Sales of goods and rendering of services	4 357	3 949	408
Net GST received	227	-	227
<b>Total cash received</b>	<b>10 266</b>	<b>9 631</b>	<b>635</b>
<b>Cash used</b>			
Employees	7 059	6 500	559
Suppliers	2 466	3 125	( 659)
<b>Total cash used</b>	<b>9 525</b>	<b>9 625</b>	<b>( 100)</b>
<b>Net cash from/(used by) operating activities</b>	<b>741</b>	<b>6</b>	<b>735</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment	198	617	( 419)
<b>Total cash used</b>	<b>358</b>	<b>617</b>	<b>( 259)</b>
<b>Net cash (used by) investing activities</b>	<b>( 358)</b>	<b>( 617)</b>	<b>259</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity - Departmental capital budget	226	617	( 391)
<b>Total cash received</b>	<b>226</b>	<b>617</b>	<b>( 391)</b>
<b>Net cash from financing activities</b>	<b>226</b>	<b>617</b>	<b>( 391)</b>
<b>Net increase / (decrease) in cash held</b>	<b>609</b>	<b>6</b>	<b>603</b>
Cash and cash equivalents at the beginning of the reporting period	<b>8 069</b>	<b>8 746</b>	<b>( 677)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8 678</b>	<b>8 752</b>	<b>( 74)</b>

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 2018-19 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 2019*

**Note 8.1B: Departmental Major Budget Variances for 2019**

<b>Explanations of major variances</b>	<b>Affected line items (and statement)</b>
<b>Statement of Comprehensive Income</b>	
<u>Employee Benefits</u>	
This variance arises from three factors:	<i>Employee Benefits (Statement of Comprehensive Income)</i>
- Transfer in of leave entitlements for staff joining the NBA from other Commonwealth agencies;	<i>(Statement of Financial Position)</i>
- Valuation of employee benefits at the end of the financial year;	<i>(Cash Flow Statement)</i>
- Higher average staffing levels through out the financial year.	
 <u>Suppliers</u>	
Reduced supplier expenses to offset higher employee expenses to maintain an operating surplus.	<i>Suppliers (Statement of Comprehensive Income)</i>
	<i>(Cash Flow Statement)</i>
 <u>Sale of goods and rendering of services</u>	
This variance resulted from unbudgeted additional funds for the provision of services to the Organ and Tissue Authority and the transfer in of leave entitlements for staff joining the NBA from other Commonwealth agencies.	<i>Sale of goods and rendering of services (Statement of Comprehensive Income)</i>
	<i>(Cash Flow Statement)</i>
 <b>Statement of Financial Position</b>	
<u>Trade and Other Receivables</u>	
This variance relates to Appropriation Receivable relating to unspent Capital Appropriations as part of the Departmental Capital Budget.	<i>Trade and other receivables (Statement of Financial Position)</i>
	<i>(Cash Flow Statement)</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 and valuation of employee benefits at the end of the financial year.	<i>Employee provisions (Statement of Financial Position),</i>
	<i>Sale of goods and rendering of services (Statement of Comprehensive Income)</i>
 <b>Cash Flow Statement</b>	
<u>Purchase of property, plant and equipment</u>	
This variance is as a result of a delay in undertaking budgeted capital expenditure.	<i>Purchase of property, plant and equipment</i>
	<i>(Cash Flow Statement)</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 2019*

**Note 8.1C: Administered Budgetary Reports**

**Administered Schedule of Comprehensive Income for the NBA**  
*for the year ended 30 June 2019*

	<b>Actual</b>	<b>Budget <sup>1</sup></b>	<b>Variance <sup>2</sup></b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee Benefits	569	634	( 65)
Suppliers	1 193 734	1 251 630	( 57 896)
Grants - Non-profit organisations	738	500	238
Depreciation and amortisation	1 031	675	356
<b>Total expenses</b>	<b>1 196 072</b>	<b>1 253 439</b>	<b>( 57 367)</b>
<b>Income</b>			
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Funding from governments	1 203 591	1 255 776	( 52 185)
Interest - Deposits	3 617	-	3 617
Other revenue	713	-	713
<b>Total non-taxation revenue</b>	<b>1 207 921</b>	<b>1 255 776</b>	<b>( 47 855)</b>
<b>Total revenue</b>	<b>1 207 921</b>	<b>1 255 776</b>	<b>( 47 855)</b>
<b>Net (cost of) / contribution by services</b>	<b>11 849</b>	<b>2 337</b>	<b>9 512</b>
<b>Surplus/(Deficit)</b>	<b>11 849</b>	<b>2 337</b>	<b>9 512</b>
<b>Total comprehensive income</b>	<b>11 849</b>	<b>2 337</b>	<b>9 512</b>

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 2018-19 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 2019*

**Administered Schedule of Assets and Liabilities for the NBA**  
*as at 30 June 2019*

	<b>Actual</b>	<b>Budget <sup>1</sup></b>	<b>Variance <sup>2</sup></b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	168 335	153 357	14 978
Trade and other receivables	28 988	21 307	7 681
Other investments	129 800	131 392	( 1 592)
Other financial assets	76 032	-	76 032
<b>Total financial assets</b>	<b>403 155</b>	<b>306 056</b>	<b>21 067</b>
<b>Non-financial assets</b>			
Inventories	100 985	95 125	5 860
Property, plant and equipment	25	83	( 58)
Intangibles	5 882	3 571	2 311
Prepayments	-	76 064	( 76 064)
<b>Total non-financial assets</b>	<b>106 892</b>	<b>174 843</b>	<b>( 67 951)</b>
<b>Total assets administered on behalf of Government</b>	<b>510 047</b>	<b>480 899</b>	<b>( 46 884)</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	57 683	53 843	3 840
<b>Total payables</b>	<b>57 683</b>	<b>53 843</b>	<b>3 840</b>
<b>Total liabilities administered on behalf of Government</b>	<b>57 683</b>	<b>53 843</b>	<b>3 840</b>
<b>Net assets</b>	<b>452 364</b>	<b>427 056</b>	<b>(50 724)</b>

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 2018-19 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 2019*

**Note 8.1D: Administered Major Budget Variances for 2019**

<b>Explanations of major variances</b>	<b>Affected line items (and statement)</b>
<b>Administered Schedule of Comprehensive Income</b>	
<u>Suppliers</u>	
This variance is mainly as a result of efficiencies generated by Australian Red Cross Blood Service to the value of \$39.7m associated with the 2017-18 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 \$52m to the Commonwealth, and State and Territory Governments for the 2017-18 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>
<b>Administered Schedule of Assets and Liabilities</b>	
<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 is primarily as a result of an increase in the plasma unit costs during the year.	<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