VICTORIAN COMPREHENSIVE CANCER CENTRE

JOINT VENTURE

Financial Report

for the year ended

30 June 2019

Contents of the Financial Report

Introduction

This is the Financial Report of the Victorian Comprehensive Cancer Centre joint venture for 2018/19. The Victorian Comprehensive Cancer Centre is an unincorporated entity which was formed when the Member Entities entered into a Joint Venture Agreement on 11 November 2009 for the purpose of establishing a comprehensive cancer centre in Victoria.

A description of the nature of the joint venture operation and its principal activities is included in the Review of Operations.

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Glossary

VCCC	Victorian Comprehensive Cancer Centre joint venture
VCCC Ltd, or The Company	Victorian Comprehensive Cancer Centre Ltd
AASB	Australian Accounting Standards Board
DHHS	Department of Health & Human Services, Victoria
GST	Goods and Services Tax
VAGO	Victorian Auditor-General's Office
State	The Crown in the right of the State of Victoria
ICT	Information & Communications Technology
SRP	Strategic Research Plan

Joint Venture Information

The Member Entities entered into a Joint Venture Agreement on 11 November 2009 for the purposes of establishing a world leading comprehensive cancer centre in Victoria. The Member Entities in Clause 8 of the Joint Venture Agreement agreed to appoint the Victorian Comprehensive Cancer Centre Ltd (the Company) to manage the joint venture. Clause 8 of the Joint Venture Agreement provides authority to the Company to exercise all the powers and rights of the Member Entities in respect of joint venture assets. Further, Clause 8 of the Joint Venture Agreement provides for the Company to hold all joint venture assets as bare trustee for the Member Entities and their respective beneficial interests.

Member Entities
Melbourne Health
Peter MacCallum Cancer Institute (trading as the Peter MacCallum Cancer Centre)
The Royal Women's Hospital
The University of Melbourne
St Vincent's Hospital (Melbourne) Limited
The Walter and Eliza Hall Institute of Medical Research
The Royal Children's Hospital
Western Health
Austin Health
Murdoch Childrens Research Institute

Principal Place of Business
Level 10
305 Grattan Street
Melbourne, Victoria, 3000
Phone: + 61 3 9035 4505

Mailing Address
PO Box 2148
Royal Melbourne Hospital
Victoria, 3050

Auditors
Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne, Victoria, 3000

Review of Operations

The manager of the joint venture submits the financial report for the year ended 30 June 2019.

The year-ended 30 June 2019 has seen important progress to delivering on the objectives of the VCCC and the deliverables of our four-year funding agreement with the Department of Health and Human Services (DHHS). The year has seen the rapid expansion of work in the programs under our Strategic Research Plan (SRP). The plan represents the shared vision and purpose of people and organisations committed to working together in new and better ways towards optimising outcomes for cancer patients.

The programs in the SRP are grouped into four broad themes: Leadership and Collaboration; An Outstanding Cancer Workforce; Research Capability and Capacity, and Clinical Trials Expansion. Just as 'the whole is greater than the sum of its parts', the 19 programs that form the SRP cannot be considered in isolation - each is intrinsically linked and connected to the others.

At the end of three years, success will mean:

- more clinical trials covering more cancer disciplines, and more patients getting the opportunity to participate in trials and clinical research
- greater capacity and capability of the cancer workforce
- new collaborative programs in cutting-edge areas of cancer research, such as immunotherapy, targeted therapies, precision prevention and tailored screening
- effective leadership across the alliance and a culture of collaboration embedded at an organisation level

The funding agreement with DHHS has higher scheduled milestone payments for the first two years of the funding agreement and reduced scheduled payments for the last two years. This has resulted in the significant decrease in Contribution revenue (down $5.5m on 2017/18) this year.

The ongoing implementation of the SRP became the focus of the organisation this year. This year has again seen the recruitment of more staff with expertise to support the delivery of the programs. Recruitment has resulted in significant increases in employee benefits expense (up $1.57m on 2017/18). Project expenditure has also increased significantly this year (up $5.83m on 2017/18) as the programs moved into delivery phases. The development and implementation of the SRP has provided an effective mechanism for engagement and collaboration across the alliance.

Review of Operations (continued)

The strong focus on supporting education of the cancer workforce continued over the year with a suite of offerings from leadership development through to regular lunchtime seminars from local and visiting research and clinical leaders. These programs saw over 8200 people attend more than 138 educational activities developed and/or coordinated by the VCCC. The vision of the Masters of Cancer Science was realised this year with the course commencing in early 2019 and 43 enrolees across the first two terms.

The cornerstone Research & Education Lead program expanded under the SRP with two more new appointees as a joint leadership role for breast cancer. These senior leadership appointments, drawn from across the alliance partners, join eleven existing R&E Leads to fill gaps and capitalise on opportunities to integrate and amplify research, education and multi-site clinical trials in tumour streams or cancer themes.

A highlight of SRP clinical trials activity was the ongoing support of trials through the Investigator-Initiated Cancer Clinical Trials program with several calls for support since inception for investigators to bring forward new ways of improving the outcomes of cancer patients in Victoria. In the research development portfolio exciting programs to support Immunotherapy across our members through integration with the Centre for Cancer Immunotherapy commenced this year.

Overall progress on all 19 programs of the SRP and other ongoing VCCC activity is tracking on schedule and within budget expectations.

Significant Events after Balance Date
There have been no significant events or changes after Balance Date.

Signed in accordance with a resolution of the Board of the Victorian Comprehensive Cancer Centre Ltd, the manager of the joint venture.

Professor Linda Kristjanson
Chairperson
Victorian Comprehensive Cancer Centre Ltd

Dated: 2nd September 2019
Melbourne

Declaration by the manager of VCCC Joint Venture - Victorian Comprehensive Cancer Centre Ltd

In the opinion of the manager of the joint venture:

(i) The Comprehensive Operating Statement is drawn up so as to present fairly the results of the joint venture for the financial year ended 30 June 2019;

(ii) The Balance Sheet is drawn up so as to present fairly the state of affairs of the joint venture as at 30 June 2019;

(iii) The Statement of Changes in Equity is drawn up so as to present fairly the results of the joint venture for the financial year ended 30 June 2019;

(iv) The Cash Flow Statement is drawn up so as to present fairly the cash flows of the joint venture for the financial year ended 30 June 2019;

(v) At the date of this statement there are reasonable grounds to believe that the joint venture will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of the Victorian Comprehensive Cancer Centre Ltd, the manager of the joint venture.

L. Kristjanson
Chairperson

G. McArthur
Executive Director

C. Zanker
Director of Finance & Corporate Services

Melbourne

Dated: 2nd September 2019

Comprehensive Operating Statement
for the year ended 30 June 2019

	Note	2019 $	2018 $
Income from transactions			
Contributions from Member Entities	2	1,496,770	1,471,750
Contributions from Department of Health & Human Services	2	8,496,770	13,971,750
Other income	2	263,210	127,277
Interest income	2	322,160	208,366
Total income from transactions		**10,578,910**	**15,779,143**
Expenses from transactions			
Project Expenditure			
Research Projects		(2,322,121)	(615,044)
Education and Training Projects		(1,041,022)	(254,316)
Clinical Research Focus Projects		(3,696,531)	(358,425)
Other expenses			
Employee benefit expense	3(a)	(4,098,925)	(2,527,980)
Supplies and services	3(b)	(1,316,924)	(879,879)
Depreciation and amortisation expense	3(c)	(51,127)	(19,160)
Total expenses from transactions		**(12,526,650)**	**(4,654,804)**
Net result from transactions (net operating balance)		**(1,947,740)**	**11,124,339**
Comprehensive result		**(1,947,740)**	**11,124,339**

This Comprehensive Operating Statement should be read in conjunction with the accompanying notes included on pages 12 to 30.

Balance Sheet
as at 30 June 2019

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	4	5,068,555	6,361,032
Other financial assets	5	9,500,000	9,500,000
Trade and other receivables	6	203,671	79,486
Prepayments		1,220,443	1,008,159
Total Current assets		**15,992,669**	**16,948,677**
Non-Current assets			
Investment in Cancer Therapeutics CRC		18,497	9,596
Plant and equipment	7	137,191	110,520
Intangibles	8	82,824	65,025
Total non-current assets		**238,512**	**185,141**
Total assets		**16,231,181**	**17,133,818**
Liabilities			
Current liabilities			
Trade and other payables	9	1,327,988	435,549
Provisions	10	252,933	108,958
Total Current liabilities		**1,580,921**	**544,507**
Non-Current liabilities			
Provisions	10	106,310	97,621
Total Non-Current liabilities		**106,310**	**97,621**
Total liabilities		**1,687,231**	**642,128**
Net assets		**14,543,950**	**16,491,690**
Equity			
Accumulated surplus		14,543,950	16,491,690
Total equity		**14,543,950**	**16,491,690**
Contingent assets and contingent liabilities	18		
Commitments for expenditure	19		

This Balance Sheet should be read in conjunction with the accompanying notes included on pages 12 to 30.

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

2019	Note	Equity at 1 July 2018 $	Total comprehen-sive result $	Equity at 30 June 2019 $
Accumulated surplus		16,491,690	(1,947,740)	14,543,950
Total equity at end of financial year		**16,491,690**	**(1,947,740)**	**14,543,950**

2018	Note	Equity at 1 July 2017 $	Total comprehen-sive result $	Equity at 30 June 2018 $
Accumulated surplus		5,367,351	11,124,339	16,491,690
Total equity at end of financial year		**5,367,351**	**11,124,339**	**16,491,690**

This Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 12 to 30.

Cash Flow Statement
for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts			
Receipts from Member Entities		1,496,770	1,471,750
Receipts from Department of Health & Human Services		9,346,447	15,368,925
Other income		194,004	131,967
Interest income		276,542	184,236
Total receipts		**11,313,763**	**17,156,878**
Payments			
Payments for supplies and services		(8,691,735)	(3,055,460)
Payments for employee benefits		(3,742,725)	(2,698,971)
Goods and Services Tax received from (payed to) the ATO		(15,035)	(1,103,581)
Total payments		**(12,449,495)**	**(6,858,012)**
Net cash flows from operating activities	11	**(1,135,732)**	**10,298,866**
Cash flows from investing activities			
Payments for non-financial assets		(156,745)	(102,052)
Payments for financial assets		-	(6,500,000)
Net cash flows used in investing activities		**(156,745)**	**(6,602,052)**
Net increase in cash and cash equivalents		**(1,292,477)**	**3,696,814**
Cash and cash equivalents at the beginning of financial year		6,361,032	2,664,218
Cash and cash equivalents at the end of financial year	4	**5,068,555**	**6,361,032**

This cash flow statement should be read in conjunction with the accompanying notes included on pages 12 to 30.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

(a) Basis of preparation of Financial Report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations and other mandatory requirements.

The Victorian Comprehensive Cancer Centre is a not for profit entity and therefore applies the additional paragraphs applicable to "not for profit" entities under Australian Accounting Standards.

The reporting period is from 1 July 2018 to 30 June 2019. The reporting period for the 2018 comparative period is from 1 July 2017 to 30 June 2018.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial report is prepared in accordance with the historical cost convention and on the going concern basis.

The financial statements include all the controlled activities of the Victorian Comprehensive Cancer Centre.

A description of the nature of the VCCC's operations is included in the Review of Operations, which does not form part of these financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Victorian Comprehensive Cancer Centre. All amounts shown in the financial statements are expressed to the nearest $1. Figures in the financial statements may not equal due to rounding.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of Australian Accounting Standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation of Financial Report (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the Notes to the financial statements.

The nature of significant judgments, estimates and assumptions are described throughout the Notes to the Financial Statements.

The following is a summary of the material accounting policies adopted by the VCCC in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Revenue Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to VCCC and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.
Amounts disclosed as revenue are, where applicable, net of returns, allowances, duties and taxes.

Contributions from Member Entities and Department of Health & Human Services

In accordance with AASB 1004 *Contributions*, contributions from member entities and the Department of Health & Human Services are recognised as income when the Joint Venture gains control of the underlying assets irrespective of whether conditions are imposed on the Joint Venture's use of the contributions.
Contributions are deferred as income in advance when the Joint Venture has a present obligation to repay them and the present obligation can be reliably measured.

Other income

Amounts disclosed as other income are, where applicable, net of returns, allowances and duties and taxes. Income is recognised for each of the joint venture's major activities.

Interest Income

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

(c) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(d) Employee Benefit Expenses

Employee Benefit Expenses include wages and salaries, annual leave, sick leave, long service leave and superannuation expenses.

Employees of the Victorian Comprehensive Cancer Centre are entitled to receive superannuation benefits and contributions are made to defined contribution superannuation plans which are expensed when incurred.

(e) Depreciation

Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost, or valuation, over their estimated useful lives using the straight-line method. Estimates of remaining lives and depreciation method for all assets are reviewed at least annually.

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

	2019	2018
Office Equipment	10 years	10 years
Computer Equipment (including software)	3-5 years	3-5 years
Leasehold Improvements	10 years	10 years
Website	5 years	N/A

(f) Cash and cash equivalents

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

(g) Other financial assets

Investments and other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. VCCC assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(h) Trade and Other Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of statement.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An expected credit loss allowance is raised when there is a risk of default and expected loss. In prior years, a provision for doubtful debts was recognised when there was evidence that the debts may not be collected.

(i) Prepayments

Prepayments primarily relate to project costs from members where the work will occur into the next financial year. Other minor operational costs for travel, services and training are also included.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(j) Plant and equipment

Items of property, plant and equipment are measured initially at cost, and subsequently revalued at fair value less accumulated depreciation and impairment loss.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

(k) Impairment of assets

All non financial assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the joint venture prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the VCCC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

i. Annual Leave

Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because the VCCC does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liability for annual leave are measured at:

- Nominal value - if the VCCC expects to wholly settle within 12 months; or
- Present value - if the VCCC does not expect to wholly settle within 12 months.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(m) Provisions (continued)

ii. Long Service Leave
The liability for long service leave (LSL) is recognised in the provision for employee benefits.
Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the VCCC does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value - if the VCCC expects to wholly settle within 12 months; or
- Present value - if the VCCC does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

iii. On-costs
Employee benefit on-costs, such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

(n) Goods and Services Tax
Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.
Receivables and payables are stated with the amount of GST included.
The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

(o) Commitments for expenditure
Commitments for future expenditure are not recognised on the balance sheet but are disclosed by way of a note at their nominal value and are inclusive of the GST payable.
In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(p) Contingent assets and Contingent liabilities
Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. As at 30 June 2019, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2019. The joint venture has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Financial Statements
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	01-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. There is no expected impact on revenue recognition of the changes on the phasing and timing of revenue recorded in the comprehensive operating statement.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements to assist Not-for-Profit entities in applying the respective standards to particular transactions and events.	01-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit applications include: AASB 15 * The "customer" does not need to be the recipient of goods and/or services; * Contracts do not have to have commerical substance, only economic substance; and * Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions. These changes have clarified the appropriate standard for revenue which will lead to no expected changes to the recognition of revenue in the comprehensive operating statement.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	01-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases, will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the comprehensive operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There is no current material impact, however the VCCC expects more activity in this area in the future.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards and Interpretations (continued)

AASB 2018-8 *Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities*	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	01-Jan-19	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The VCCC has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the VCCC considered that the methodology of valuing peppercorn leases was still being developed.
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	01-Jan-19	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. VCCC does not expect to receive capital grants. The VCCC has analysed current grants and concluded that no other standards apply in respect of the recognition of liabilities in relation to these grants (which would have the effect of deferring the income associated with these grants). There is no expected impact on revenue recognition of the changes on the phasing and timing of revenue recorded in the comprehensive operating statement.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017-7 *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- *AASB 2018-3 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements*

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 2. Income from transactions

	2019 $	2018 $
Income from transactions		
Contributions from Member Entities		
Melbourne Health	149,677	147,175
Peter MacCallum Cancer Institute (trading as the Peter MacCallum Cancer Centre)	149,677	147,175
The Royal Women's Hospital	149,677	147,175
The University of Melbourne	149,677	147,175
St Vincent's Hospital (Melbourne) Limited	149,677	147,175
The Walter and Eliza Hall Institute of Medical Research	149,677	147,175
The Royal Children's Hospital	149,677	147,175
Western Health	149,677	147,175
Austin Health	149,677	147,175
Murdoch Childrens Research Institute	149,677	147,175
Total Contributions from Member Entities	1,496,770	1,471,750
Contributions from Department of Health & Human Services	8,496,770	13,971,750
Other Income	263,210	127,277
Interest Income	322,160	208,366
Total income from transactions	**10,578,910**	**15,779,143**

Note 3. Expenses from transactions

(a) Employee benefits		
Salary and wages	3,294,217	2,157,663
Seconded staff salary and wages	357,804	110,712
Superannuation	294,240	190,207
Movement in provision for employee entitlements	136,238	63,903
Movement in other on-costs - recognised in provision	16,426	5,495
	4,098,925	**2,527,980**
(b) Supplies and services		
Professional fees and consultants	209,054	136,401
ICT Conexus support costs	-	200,000
Insurance expense	25,316	25,316
Travel expense	153,183	124,496
Legal expense	11,144	42,047
Rent	276,717	15,310
External and internal audit fees	33,350	33,000
Communications expense	160,934	99,623
Subscriptions and memberships	88,100	96,721
Staff training	74,549	34,527
Other expenses	284,577	72,438
	1,316,924	**879,879**
(c) Depreciation and amortisation		
Office equipment	200	102
Computer equipment and software	38,982	18,348
Leasehold improvements	6,684	710
Website	5,261	-
	51,127	**19,160**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 4. Cash and cash equivalents

	2019 $	2018 $
Cash on hand	500	500
Cash at bank	5,068,055	6,360,532
Total cash and cash equivalents	**5,068,555**	**6,361,032**

Note 5. Other financial assets

	2019 $	2018 $
Funds on deposit	9,500,000	9,500,000
Total other financial assets	**9,500,000**	**9,500,000**

Note 6. Trade and other receivables

	2019 $	2018 $
Contractual		
Trade receivables [(i)]	1,215	7,022
Other receivables	161,331	27,850
	162,546	**34,872**
Statutory		
GST input tax credit recoverable	41,124	44,614
	41,124	**44,614**
Total trade and other receivables [(ii)]	**203,671**	**79,486**

Notes:

(i) The average credit period on sales of goods is 30 days. No interest has been charged on trade receivables. No allowance for expected credit loss has been recognised as all amounts have been determined recoverable by reference to expected default.

(ii) All receivables balances held at reporting date are classified as current.

Ageing analysis of trade and other receivables

2019	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade receivables	1,215	-	-	-
Other receivables	161,331	-	-	-
GST input tax credit recoverable	41,124	-	-	-
Total trade and other receivables	**203,671**	**-**	**-**	**-**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 6. Trade and other receivables (Continued)

2018	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade receivables	7,022	-	-	-
Other receivables	27,850	-	-	-
GST input tax credit recoverable	44,614	-	-	-
Total trade and other receivables	**79,486**	**-**	**-**	**-**

Note 7. Plant and equipment

	2019 $	2018 $
Office equipment		
At fair value	4,297	1,020
Less accumulated depreciation	(900)	(700)
	3,397	320
Computer equipment		
At fair value	139,253	96,404
Less accumulated depreciation	(64,902)	(52,332)
	74,351	44,072
Leasehold improvements		
At fair value	66,838	66,838
Less accumulated depreciation	(7,394)	(710)
	59,444	66,128
Total Plant and equipment	**137,191**	**110,520**

	Office Equipment	Computer equipment	Leasehold improve-ments	Total
2019	$	$	$	$
Balance at beginning of year	320	44,072	66,128	110,520
Additions	3,277	70,085	-	73,362
Disposals	-	(824)	-	(824)
Depreciation expense	(200)	(38,982)	(6,684)	(45,866)
Balance at end of year	**3,397**	**74,351**	**59,444**	**137,191**
2018				
Balance at beginning of year	422	27,206	-	27,628
Additions	-	35,214	66,838	102,052
Depreciation expense	(102)	(18,348)	(710)	(19,160)
Balance at end of year	**320**	**44,072**	**66,128**	**110,520**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 8. Intangibles

	2019 $	2018 $
Website		
At fair value	88,085	-
Less accumulated amortisation	(5,261)	-
Total Intangibles	**82,824**	**-**
Assets under construction		
At cost	-	65,025
Total Intangibles	**-**	**65,025**
Total Intangibles	**82,824**	**65,025**

Note 9. Trade and other payables

	2019 $	2018 $
Contractual		
Unsecured liabilities		
Trade Creditors [(i)]	857,199	252,987
Accruals	376,281	180,435
Revenue received in advance	20,607	-
	1,254,087	**433,421**
Statutory		
Superannuation payable	76,983	2,381
PAYG withholding tax payable	(3,081)	(254)
	73,902	**2,127**
Total Trade and other Payables [(ii)]	**1,327,988**	**435,549**

Notes:
(i) The average credit period is 30 days.
(ii) All payables balances due at reporting date are classified as current.

Maturity analysis of trade and other payables

2019	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade creditors	857,199	-	-	-
Accruals	376,281	-	-	-
Superannuation payable	76,983	-	-	-
PAYG withholding tax payable	(3,081)	-	-	-
Total payables	**1,307,381**	**-**	**-**	**-**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 9. Trade and other payables (continued)

2018	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade creditors	252,137	-	-	850
Accruals	135,662	6,667	6,667	31,439
Superannuation payable	2,381	-	-	-
PAYG withholding tax payable	(254)	-	-	-
Total trade and other payables	**389,926**	**6,667**	**6,667**	**32,289**

For nature and extent of risks arising from payables, refer to Note 11.

Note 10. Provisions

	2019 $	2018 $
Current		
Employee benefits [i]		
Annual leave		
Unconditional and expected to be settled within 12 months [ii]	167,855	95,484
Unconditional and expected to be settled after 12 months [iii]	-	-
Long service leave		
Unconditional and expected to be settled within 12 months [ii]	55,930	-
Unconditional and expected to be settled after 12 months [iii]	-	-
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [ii]	29,148	13,474
Unconditional and expected to be settled after 12 months [iii]	-	-
Total current provisions	**252,933**	**108,958**
Non-current		
Conditional long service leave	96,801	88,864
Provisions related to employee benefit on-costs	9,509	8,757
Total non-current provisions	**106,310**	**97,621**
Total provisions	**359,243**	**206,579**

Notes:

(i) Provisions for employee benefits consists of annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present value.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 10. Provisions (continued)

(a) Employee benefits and related on-costs

	2019 $	2018 $
Current employee benefits and related on-costs		
Unconditional long service leave entitlements	61,424	-
Annual leave entitlements	191,509	108,958
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	106,310	97,621
Total employee benefits and related on-costs	**359,243**	**206,579**

Note 11. Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
From 1 July 2018, the VCCC applies AASB 9 and classifies all of its financial assets based on the business model for managing the asset and the assets contractual terms.

Categories of Financial Instruments

Financial assets at Amortised Cost
Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:
(i) the assets are held to collect the contractual cash flows; and
(ii) the assets' contractual terms give rise to cash flows that are solely payments of principal and

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The joint venture recognises the following assets in this category:
- cash and cash equivalents (Note 4);
- trade and other receivables (Note 6);
- other financial assets (Note 5).

Financial Liabilities at Amortised Cost
Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

The joint venture recognises the following liabilities in this category:
- Trade and other payables (Note 10).

Liquidity risk
Liquidity risk arises when the joint venture is unable to meet its financial obligations as they fall due. The joint venture continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The joint venture's exposure to liquidity risk is deemed insignificant based on the current assessment of risk. Cash for unexpected events is generally sourced from its cash and cash equivalents balance.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the Balance Sheet.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 12. Cash flow information

	2019 $	2018 $
Reconciliation of the net result for the year to net cash flows from operating activities		
Net result for the year	(1,947,740)	11,124,339
Non-cash movements		
Increase in investment in Cancer Therapeutics CRC	(8,901)	-
Loss on disposal of assets	824	
Depreciation and amortisation	51,127	19,160
Movements in assets and liabilities		
(Increase)/decrease in current receivables	(124,184)	(52,385)
(Increase)/decrease in other current assets	(212,284)	(1,008,159)
Increase/(decrease) in current payables	892,439	146,513
(Increase)/decrease in current payables for fixed assets	60,324	-
Increase/(decrease) in current provisions	143,975	32,670
Increase/(decrease) in non-current provisions	8,689	36,728
Net cash flows from operating activities	**(1,135,732)**	**10,298,866**

Note 13. Responsible persons disclosures

The following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in the joint venture are also considered key management personnel of the joint venture and are as follows:

Minister

Health: The Hon. Jill Hennessy	1 July 2018 - 29 November 2018
Health: The Hon. Jenny Mikakos	29 November 2018 - 30 June 2019

Board of Directors

Chairperson	L. Kristjanson	1 July 2018 to 30 June 2019
Deputy Chairperson	R. Thomas	1 July 2018 to 30 June 2019
Director	D. A. Fisher	1 July 2018 to 17 October 2018
Director	R. Harrison	1 July 2018 to 30 June 2019
Director	D. J. Hilton	1 July 2018 to 30 June 2019
Director	C. J. Kilpatrick	1 July 2018 to 30 June 2019
Director	S. M. Matthews	1 July 2018 to 30 June 2019
Director	J. McCluskey	1 July 2018 to 30 June 2019
Director	A. Nolan	1 July 2018 to 30 June 2019
Director	K. North	1 July 2018 to 30 June 2019
Director	S.F. Shilbury	1 July 2018 to 30 June 2019
Director	J.C. Stanway	1 July 2018 to 30 June 2019
Director	N. Tweddle	18 October 2018 to 30 June 2019

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 13. Responsible persons disclosures (continued)

Accountable Officer

Executive Director	G McArthur	1 July 2018 to 30 June 2019

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the joint venture during the reporting period was in the range:
Accountable Officer 2018/19 $370,000 - $379,999 ($350,000 - $359,999 in 2017/18)

Note 14. Related parties

The VCCC is a joint venture managed by the VCCC Ltd which is governed by a board of directors appointed by each of the members of the joint venture with an independent Chairperson and Deputy Chairperson appointed by the Department of Health and Human Services (Victoria).
The following entites are equal members of the joint venture at 30th June 2019:

Melbourne Health	The Walter and Eliza Hall Institute of Medical Research
Peter MacCallum Cancer Institute	The Royal Children's Hospital
The Royal Women's Hospital	Western Health
The University of Melbourne	Austin Health
St Vincent's Hospital (Melbourne) Limited	Murdoch Childrens Research Institute

These entities, as well as the personnel listed in Note 13 and their close family members and personal business interests (controlled entities, joint ventures and entities they have signifcant influence over), are considered related parties of the joint venture.

Significant joint venture transactions
The VCCC received member contributions of $149,677 ($147,175 in 2017/18) from each of the joint venture members.

Transactions and balances with key management personnel and other related parties:
Related parties transact with the VCCC in a manner consistent with other non-related parties. Procurement processes occur on terms and conditions consistent with the VCCC purchasing policy and procedure requirements.

The following related party transactions that involved key management personnel, their close family members and their personal business interests are noted below:

The Walter & Eliza Hall Institute of Medical Research commenced two projects and provided one research & education lead on commercial terms to the value of $674,620 ($567,833 in 2017/18).

Western Health worked on two projects & provided one research & education lead on behalf of the VCCC during the year on commercial terms to the value of $152,400 ($80,000 in 2017/18).

The Royal Children's Hospital worked on two projects on behalf of the VCCC during the year on commercial terms to the value of $150,253 ($nil in 2017/18).

St Vincent's Hospital (Melbourne) Limited worked on two projects on behalf of the VCCC during the year on commerical terms to the value of $45,832 ($nil in 2017/18).

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 14. Related parties (continued)

Melbourne Health worked on one project and provided three research & education lead on behalf of the VCCC during the year on commercial terms to the value of $222,275 ($60,000 in 2017/18).

Austin Health worked on three projects on behalf of the VCCC during the year and provided two research & education leads on commercial terms to the value of $405,500 ($nil in 2017/18).

The Royal Women's Hospital provided one research & education lead on commercial terms to the value of $17,002 ($nil in 2017/18).

The University of Melbourne provided IT service support on a peppercorn basis ($1) during the year. They also provided educational programs on commercial terms to the value of $82,065 ($80,574 in 2017/18) and 16 projects were commenced on commercial terms to the value of $2,534,243. ($764,450 in 2017/18).
Other purchases were made on a cost-recovery basis for $58,747 ($nil in 2017/18).
One research & education lead was appointed on commercial terms for $80,000 ($80,000 in 2017/18).

The Peter MacCallum Cancer Centre provides office space to the VCCC on a peppercorn ($1) basis. This arrangement is on behalf of the State Government of Victoria as a sub-landlord.
They also provided seconded staff on commercial terms $288,938 ($110,712 in 2017/18) and other purchases for occupancy related costs were made to the value of $233,470 ($152,015 in 2017/18).
Educational services of $52,449 and venue hire costs to the value of $23,400 were provided on commercial terms (both $nil in 2017/18).
Services for Clinical Trial support were provided to the VCCC through grants to a value of $1,199,681. ($nil in 2017/18).
Three projects were commenced on behalf of VCCC to the value of $243,350 ($nil in 2017/18).
Six research & education leads were provided to work on behalf of the VCCC on commercial terms to the value of $451,814 (2 - $140,000 in 2017/18).

Key management personnel
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of VCCC, directly or indirectly.

The personnel listed in Note 12 are the KMPs of VCCC. Assoc. Prof Anna Boltong, Associate Director, is also a KMP of the organisation.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

Remuneration of Key Management Personnel

	2019 $	2018 $
Short-term benefits	**641,940**	414,516
Post-employment benefits	**39,129**	23,082
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Total remuneration	**681,069**	**437,598**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 15. Remuneration of auditors

	2019 $	2018 $
Victorian Auditor-General's Office		
Audit of the financial statements	15,350	15,000
	15,350	**15,000**

The audit fee of the Victorian Comprehensive Cancer Centre Ltd of $4,100 (2018: $4,000) is borne by the Victorian Comprehensive Cancer Centre joint venture and included above.

Note 16. Significant events after balance date

There were no significant events after Balance Date.

Note 17. Contingent assets and contingent liabilities

The VCCC has no known contingent assets or liabilities (2018: Nil).

Note 18. Commitments for expenditure

The VCCC has no capital commitments at balance date.

The VCCC has non-cancellable, contractual obligations at balance date for expenditure on projects that have been commissioned and not yet completed.

	2019 $	2018 $
Other expenditure commitments		
Not later than one year	5,989,412	2,985,279
Later than one year but not later than 5 years	2,039,034	199,100
Total expenditure commitments	**8,028,446**	**3,184,379**
Total commitments (inclusive of GST)	8,028,446	3,184,379
less GST recoverable from the ATO	(729,589)	(289,489)
Total commitments (exclusive of GST)	**7,298,857**	**2,894,890**

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 19. Glossary of terms

Comprehensive result
Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Commitments
Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Employee benefits expense
Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset
A financial asset is any asset that is:

(a) cash;
(b) an equity instrument of another entity;
(c) a contractual right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:
- a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial statements
Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Net result
Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

Net result from transactions/net operating balance
Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets
Non-financial assets are all assets that are not 'financial assets'.

Payables
Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables
Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2019 (continued)

Note 19. Glossary of terms (continued)

Sales of goods and services
Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services revenue.

Supplies and services
Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the joint venture.

Transactions
Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Manager of the Victorian Comprehensive Cancer Centre

Opinion	I have audited the financial report of the Victorian Comprehensive Cancer Centre (the joint venture) which comprises the: • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the manager of VCCC joint venture - Victorian Comprehensive Cancer Centre Ltd. In my opinion the financial report presents fairly, in all material respects, the financial position of the joint venture as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the joint venture in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical 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.
Manager's responsibilities for the financial report	The Manager of the joint venture is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Manager determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Manager is responsible for assessing the joint venture's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is 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 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 this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, 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 joint venture's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager • conclude on the appropriateness of the Manager'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 joint venture'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 report 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 joint venture to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Manager 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.

MELBOURNE
4 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria