# VICTORIAN COMPREHENSIVE CANCER CENTRE

## JOINT VENTURE

## Financial Report

for the year ended

**30 June 2017**

## Contents of the Financial Report

## Introduction

This is the Financial Report of the Victorian Comprehensive Cancer Centre joint venture for 2017. 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.

For enquiries in relation to the Financial Report:
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## Glossary

| | |
|---|---|
| **VCCC or Victorian CCC** | Victorian Comprehensive Cancer Centre joint venture |
| **VCCC Ltd, Victorian CCC 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 |

# 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
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 2017.

A new Chair and Deputy Chair have been appointed to lead the Victorian Comprehensive Cancer Centre joint venture (VCCC) with Professor Linda Kristjanson AO and Professor Robert Thomas appointed into these roles respectively. Both bring a wealth of experience to their roles which commenced on 1 July 2016.

In October 2016, the VCCC signed a new four-year funding agreement with the Victorian State Department of Health & Human Services. The agreement primarily focuses on two areas:

1. Building cancer research collaboration: this will be through developing multi-site groups and research strategies, harmonisation of procedures & processes and co-ordinating and promoting innovative multi-site clinical trials.

2. Driving cancer education & workforce strategies: through a leader in cancer strategy, developing an education & training workforce program and supporting the development of a Masters in Cancer Sciences course.

As part of the funding agreement, the VCCC will develop a Strategic Research Plan (SRP) collaboratively with our members to enable the development of a sustainable long-term translational oncology research platform that integrates research capability across our members.

Ongoing work has focussed on consolidating and growing the VCCC Research and Education Lead program, with leaders in Primary Care, Melanoma & Skin Cancer and Heamatology joined with Cancer Nursing, Lung Cancer and G.I. Cancers. A Clinical Trial Development lead was also appointed to provide strategic advice and understand existing capability and capacity across our members.

Educational programs to improve clinical leadership, clinical teaching, work to progress the Masters in Cancer Sciences course and a range of educational events and seminars to share knowledge across our members. Conferences in Survivorship and Psycho-Oncology have been held during the year and work to plan an inaugural VCCC Research Conference is ongoing.

Professor Grant McArthur was appointed as the new Executive Director and commenced in April 2017 following on from the resignation of Professor Jim Bishop AO from 31 December 2016. Professor McArthur is one of Australia's most respected and dynamic cancer experts and brings a determination to see Victoria's world-class cancer research accelerated into better outcomes for patients. Professor McArthur holds roles across our members and has held a Research and Education Lead role with the VCCC.

In February 2017 the Victorian State Minister for Health announced additional funding of $20m to boost cancer clinical trials and speed up the delivery of new cancer treatments for Victorian patients. The funding will increase our capability and make improvements in equity for patient and researcher involvement in clinical trials.

The VCCC has submitted a draft Strategic Research Plan to the State Government that incorporates delivering the requirements of the additional clinical trials funding. This plan will be finalised in October 2017 and will be rolled out in the coming years.

## Review of Operations (continued)

**Significant Events after Balance Date**
There have been no significant events 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: 17-8-17.
Melbourne

## Declaration by the manager of 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 2017;

(ii) The Balance Sheet is drawn up so as to present fairly the state of affairs of the joint venture as at 30 June 2017;

(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 2017;

(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 2017;

(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**
**Chief Operating Officer**

Melbourne

Dated: 17/8/17

# Comprehensive Operating Statement
## for the year ended 30 June 2017

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| **Income from transactions** | | | |
| Contributions from Member Entities | 2(a) | 1,450,000 | 1,460,000 |
| Contributions from Department of Health & Human Services | 2(a) | 5,124,167 | 1,460,000 |
| Other income | 2(a) | 215,038 | 195,194 |
| Interest income | 2(b) | 92,711 | 51,128 |
| **Total income from transactions** | | **6,881,916** | **3,166,322** |
| **Expenses from transactions** | | | |
| **Reduce Cancer Burden** | | | |
| Living with Cancer | | (118,035) | (138,173) |
| **Centre of Excellence** | | | |
| Leaders in Cancer Strategy | | (21,190) | (288,707) |
| Clinical Projects | | - | (82,363) |
| Research Projects | | (509,154) | (239,597) |
| Education and Training Projects | | (387,590) | (112,237) |
| Clinical Research Focus Projects | | (112,978) | (53,896) |
| **Increased Investment** | | | |
| New Funding Streams Strategy | | - | (53,754) |
| **Other expenses** | | | |
| Employee benefit expense | 3(a) | (1,415,723) | (1,532,339) |
| Supplies and services | 3(b) | (620,826) | (413,414) |
| Depreciation expense | 3(c) | (13,671) | (13,648) |
| **Total expenses from transactions** | | **(3,199,167)** | **(2,928,128)** |
| **Net result from transactions (net operating balance)** | | **3,682,749** | **238,194** |
| **Comprehensive result** | | **3,682,749** | **238,194** |

***This Comprehensive Operating Statement should be read in conjunction with the accompanying notes included on pages 12 to 33.***

# Balance Sheet
## as at 30 June 2017

| | Notes | 2017 $ | 2016 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 5,664,218 | 2,565,567 |
| Trade and other receivables | 5 | 27,101 | 37,611 |
| Prepayments | | - | 38,794 |
| **Total Current assets** | | **5,691,319** | **2,641,972** |
| **Non-Current assets** | | | |
| Investment in Cancer Therapeutics CRC | | 9,596 | 9,596 |
| Property, plant and equipment | 6 | 27,627 | 38,292 |
| **Total non-current assets** | | **37,223** | **47,888** |
| **Total assets** | | **5,728,542** | **2,689,860** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 7 | 230,713 | 538,454 |
| Provisions | 8 | 76,288 | 420,650 |
| **Total Current liabilities** | | **307,001** | **959,104** |
| **Non-Current liabilities** | | | |
| Provisions | 8 | 60,893 | 52,857 |
| **Total Non-Current liabilities** | | **60,893** | **52,857** |
| **Total liabilities** | | **367,894** | **1,011,961** |
| **Net assets** | | **5,360,648** | **1,677,899** |
| **Equity** | | | |
| Accumulated Surplus | | 5,360,648 | 1,677,899 |
| **Total equity** | | **5,360,648** | **1,677,899** |

| | |
|---|---|
| Contingent assets and contingent liabilities | 16 |
| Commitments for expenditure | 17 |

***This Balance Sheet should be read in conjunction with the accompanying notes included on pages 12 to 33.***

# Statement of Changes in Equity
## for the year ended 30 June 2017

| 2017 | Note | Equity at 1 July 2016 | Total comprehensive result | Equity at 30 June 2017 |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Accumulated surplus** | | 1,677,899 | 3,682,749 | 5,360,648 |
| **Total equity at end of financial year** | | **1,677,899** | **3,682,749** | **5,360,648** |

| 2016 | Note | Equity at 1 July 2015 | Total comprehensive result | Equity at 30 June 2016 |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Accumulated surplus** | | 1,439,705 | 238,194 | 1,677,899 |
| **Total equity at end of financial year** | | **1,439,705** | **238,194** | **1,677,899** |

***This Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 12 to 33.***

# Cash Flow Statement
## for the year ended 30 June 2017

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Receipts from Members | | 1,450,000 | 1,460,000 |
| Receipts from Department of Health & Human Services | | 5,234,169 | 1,810,000 |
| Receipts from Customers | | 246,628 | 183,477 |
| Goods and Services Tax received from the ATO | | (320,374) | 156,016 |
| Interest received | | 93,738 | 50,254 |
| **Total receipts** | | **6,704,161** | **3,659,747** |
| **Payments** | | | |
| Payments to suppliers and employees | | (3,588,879) | (3,241,779) |
| **Total payments** | | **(3,588,879)** | **(3,241,779)** |
| **Net cash flows from operating activities** | 10 | **3,115,282** | **417,968** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of assets | | 7,500 | - |
| Payments for non-financial assets | | (24,131) | (21,321) |
| **Net cash flows used in investing activities** | | **(16,631)** | **(21,321)** |
| **Net increase in cash and cash equivalents** | | **3,098,651** | **396,647** |
| Cash and cash equivalents at the beginning of financial year | | 2,565,567 | 2,168,920 |
| **Cash and cash equivalents at the end of financial year** | 4 | **5,664,218** | **2,565,567** |

***This cash flow statement should be read in conjunction with the accompanying notes included on pages 12 to 33.***

# Notes to and Forming Part of the Financial Statements
### for the year ended 30 June 2017

# 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 2016 to 30 June 2017. The reporting period for the 2016 comparative period is from 1 July 2015 to 30 June 2016.

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 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

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

These financial statements are presented in Australian dollars, the functional and presentation currency of the Victorian Comprehensive Cancer Centre.

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

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.

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.

# Notes to and Forming Part of the Financial Statements
## for the year ended 30 June 2017 (continued)

## Note 1. Summary of Significant Accounting Policies (Continued)

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

### (b) Income Recognition

**Income from sale of goods**
Income from the sale of goods is recognised by the joint venture when:
- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the joint venture retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of the Income can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the joint venture; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Income from the rendering of services**
Income arising from the provision of services is recognised when the following conditions have been satisfied:
- the amount of the income and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the joint venture.

**Government Grants & Venturer Contributions**
In accordance with AASB 1004 *Contributions*, government grants and other transfers of income 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.

**Fair value of assets and services received free of charge or for nominal consideration**
Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

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

### (c) Interest Income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

# Notes to and Forming Part of the Financial Statements
## for the year ended 30 June 2017 (continued)

## Note 1. Summary of Significant Accounting Policies (Continued)

**(d) Expenses**

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

**(e) Employee Expenses**

Employee 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.

The name and details of the major employee superannuation funds and contributions made by the Victorian Comprehensive Cancer Centre are disclosed in Note 14: Superannuation.

**(f) 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.

| | 2017 | 2016 |
|---|---|---|
| Office Equipment | 10 years | 10 years |
| Computer Equipment (including software) | 3-5 years | 3-5 years |

**(g) 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.

**(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. A provision for doubtful debts is raised when some doubt as to collection exists.

**(i) Property, Plant and Equipment**

All non-current physical assets are measured at cost less accumulated depreciation.

**(j) 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 except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

# Notes to and Forming Part of the Financial Statements
## for the year ended 30 June 2017 (continued)

## Note 1. Summary of Significant Accounting Policies (Continued)

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

### (k) 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.

### (l) Provisions

Provisions are recognised when the Victorian Comprehensive Cancer Centre 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 provision 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.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### (m) Employee Benefits

#### i. Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave which are wholly expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values because the entity does not have an unconditional right to defer settlement of theses liabilities.

Those liabilities that are not expected to be wholly settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### ii. Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

# Notes to and Forming Part of the Financial Statements
## for the year ended 30 June 2017 (continued)

## Note 1. Summary of Significant Accounting Policies (Continued)

Current Liability – unconditional LSL (representing 10 or more years of continuous service, pro-rata entitlements and classified as current after 7) is disclosed in the notes to the financial statements as a current liability even where the Victorian Comprehensive Cancer Centre 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.

Non-Current Liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

**iii. On-costs**

Employee benefit on-costs, such as workers compensation and superannuation are recognised together with 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.

**(q) Reporting Entity**

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

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

**(r) Rounding of Amounts**

All amounts shown in the financial statements are expressed to the nearest $1. Figures in the financial statements may not equal due to rounding.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 1. Summary of Significant Accounting Policies (continued)

### (s) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. As at 30 June 2017, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2017. 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 9 *Financial Instruments* | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1-Jan-18 | No material impact is expected. |
| AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) | The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:<br>* The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and<br>* Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. | 1-Jan-18 | The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). |
| 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. | 1-Jan-18 | 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. |
| AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities | This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. | 1-Jan-19 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 1. Summary of Significant Accounting Policies (continued)

### (s) New Accounting Standards and Interpretations (continued)

| | | | |
|---|---|---|---|
| AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 | This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. | 1-Jan-18 | This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet. | 1-Jan-19 | The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.<br>There is no current material impact, however the VCCC expects more activity in this area in the future. |
| AASB 1058 Income of Not-for-Profit Entities | This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives | 1-Jan-19 | The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change. |

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 2016-17 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 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
• AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
• AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions
• AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
• AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
• AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 2. Income from transactions

| | | 2017 $ | 2016 $ |
|---|---|---|---|
| **(a)** | **Income from transactions** | | |
| | Contributions from Member Entities | | |
| | Melbourne Health | 145,000 | 146,000 |
| | Peter MacCallum Cancer Institute (trading as the Peter MacCallum Cancer Centre) | 145,000 | 146,000 |
| | The Royal Women's Hospital | 145,000 | 146,000 |
| | The University of Melbourne | 145,000 | 146,000 |
| | St Vincent's Hospital Melbourne | 145,000 | 146,000 |
| | The Walter and Eliza Hall Institute of Medical Research | 145,000 | 146,000 |
| | The Royal Children's Hospital | 145,000 | 146,000 |
| | Western Health | 145,000 | 146,000 |
| | Austin Health | 145,000 | 146,000 |
| | Murdoch Childrens Research Institute | 145,000 | 146,000 |
| | Total Contributions from Member Entities | 1,450,000 | 1,460,000 |
| | Contributions from Department of Health & Human Services | 5,124,167 | 1,460,000 |
| | Other Income | 215,038 | 195,194 |
| | | **6,789,205** | **3,115,194** |
| **(b)** | **Interest income** | | |
| | On bank deposits | 92,711 | 51,128 |
| | | **92,711** | **51,128** |
| | **Total income from transactions** | **6,881,916** | **3,166,322** |

## Note 3. Expenses from transactions

| | | 2017 $ | 2016 $ |
|---|---|---|---|
| **(a)** | **Employee benefits** | | |
| | Salary and wages | 1,624,463 | 1,317,294 |
| | Superannuation | 127,586 | 125,052 |
| | Movement in provision for employee entitlements | (305,488) | 85,451 |
| | Movement in other on-costs - recognised in provision | (30,838) | 4,542 |
| | | **1,415,723** | **1,532,339** |
| **(b)** | **Supplies and services** | | |
| | Professional fees and consultants | 92,792 | 2,972 |
| | ICT Conexus support costs | 200,000 | - |
| | Insurance expense | 25,316 | 25,316 |
| | Travel expense | 27,728 | 54,255 |
| | Legal expense | 8,576 | 9,362 |
| | Rent | 22,700 | 169,875 |
| | External and internal audit fees | 32,500 | 32,100 |
| | Communications expense | 78,181 | 24,906 |
| | Other expenses | 133,033 | 94,628 |
| | | **620,826** | **413,414** |
| **(c)** | **Depreciation** | | |
| | Office equipment | 840 | 4,225 |
| | Computer equipment and software | 12,831 | 9,423 |
| | | **13,671** | **13,648** |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 4. Cash and cash equivalents

| | 2017 $ | 2016 $ |
|---|---|---|
| Cash on hand | 500 | 500 |
| Cash at bank | 2,663,718 | 971,092 |
| Cash on deposit | 3,000,000 | 1,593,975 |
| **Total cash and cash equivalents** | **5,664,218** | **2,565,567** |

## Note 5. Trade and Other Receivables

| | 2017 $ | 2016 $ |
|---|---|---|
| **Contractual** | | |
| Trade receivables [(i)] | 4,235 | 27,500 |
| Other receivables | 895 | 1,922 |
| | **5,130** | **29,422** |
| **Statutory** | | |
| GST input tax credit recoverable | 21,971 | 8,189 |
| | **21,971** | **8,189** |
| **Total trade and other receivables [(ii)]** | **27,101** | **37,611** |

*Notes:*

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

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

For details of ageing analysis of contractual receivables and the nature and extent of risk arising from contractual receivables, please refer to Note 10.

## Note 6. Property, plant and equipment

| | 2017 $ | 2016 $ |
|---|---|---|
| **Office equipment** | | |
| At cost | 1,020 | 42,249 |
| Less accumulated depreciation | (598) | (21,973) |
| | 422 | 20,276 |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 6. Property, plant and equipment (continued)

| | 2017 $ | 2016 $ |
|---|---|---|
| **Computer equipment - including software** | | |
| At cost | 61,190 | 50,811 |
| Less accumulated depreciation | (33,985) | (32,795) |
| | 27,205 | 18,016 |
| **Total Property, plant and equipment** | **27,627** | **38,292** |

| **2017** | **Office Equipment** $ | **Computer equipment - including software** $ | **Total** $ |
|---|---|---|---|
| Balance at beginning of year | 20,276 | 18,016 | 38,292 |
| Additions | - | 24,131 | 24,131 |
| Disposals | (19,015) | (2,111) | (21,126) |
| Depreciation Expense | (840) | (12,831) | (13,671) |
| **Balance at end of year** | **421** | **27,206** | **27,627** |
| **2016** | | | |
| Balance at beginning of year | 24,501 | 15,714 | 40,215 |
| Additions | - | 11,725 | 11,725 |
| Depreciation Expense | (4,225) | (9,423) | (13,648) |
| **Balance at end of year** | **20,276** | **18,016** | **38,292** |

## Note 7. Trade and other Payables

| | 2017 $ | 2016 $ |
|---|---|---|
| **Contractual** | | |
| Unsecured liabilities | | |
| Trade Creditors (i) | 102,386 | 50,827 |
| Accruals | 95,932 | 104,301 |
| Revenue received in advance | - | 353,739 |
| | **198,319** | **508,867** |
| **Statutory** | | |
| Superannuation payable | 32,395 | 29,587 |
| | **32,395** | **29,587** |
| **Total Trade and other Payables (ii)** | **230,713** | **538,454** |

*Notes:*
*(i) The average credit period is 30 days. No interest is charged on late payments.*
*(ii) All payables balances at reporting date are classified as current.*
For maturity analysis and nature and extent of risks arising from payables, refer to Note 10.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 8. Provisions

| | 2017 $ | 2016 $ |
|---|---|---|
| **Current** | | |
| Employee benefits (i) | | |
| Unconditional and expected to be settled within 12 months (ii) | 65,030 | 125,038 |
| Unconditional and expected to be settled after 12 months (iii) | - | 252,778 |
| Provisions related to employee benefit on-costs | | |
| Unconditional and expected to be settled within 12 months (ii) | 11,258 | 17,940 |
| Unconditional and expected to be settled after 12 months (iii) | - | 24,894 |
| **Total current provisions** | **76,288** | **420,650** |
| **Non-current** | | |
| Employee benefits (i) | | |
| Conditional and expected to be settled after 12 months (iii) | 55,416 | 48,118 |
| Provisions related to employee benefit on-costs | | |
| Conditional and expected to be settled after 12 months (iii) | 5,477 | 4,739 |
| **Total non-current provisions** | **60,893** | **52,857** |
| **Total provisions** | **137,181** | **473,507** |

*Notes:*

*(i) Provisions for employee benefits consists of annual leave and long service leave accrued by employees, not including on-costs.*
*Prior year figures have been reclassified with current long service leave amounts reclassified to be expected to be settled after 12 months.*

*(ii) The amounts disclosed are nominal amounts.*

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

### (a) Employee benefits and related on-costs

| | 2017 $ | 2016 $ |
|---|---|---|
| **Current employee benefits** | | |
| Annual leave entitlements | 65,030 | 125,038 |
| Long service leave entitlements | - | 252,778 |
| **Non-current employee benefits** | | |
| Conditional long service leave entitlements | 55,416 | 48,118 |
| **Total employee benefits** | **120,446** | **425,934** |
| Current on-costs | 11,258 | 42,834 |
| Non-current on-costs | 5,477 | 4,739 |
| | **16,735** | **47,573** |
| **Total employee benefits and related on-costs** | **137,181** | **473,507** |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 9. Financial instruments

### (a) Financial risk management objectives and policies

The joint venture's principal financial instruments comprise:

- cash assets including deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument, are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the joint venture's financial risks within the requirements of the Government's policy parameters.

The carrying amounts of the joint venture's financial assets and liabilities by category are as follows:

| | | Carrying Amount | |
|---|---|---|---|
| | | **2017** | **2016** |
| | | **$** | **$** |
| **Financial assets** | | | |
| Cash and deposits | *Note 4* | 5,664,218 | 2,565,567 |
| Trade and other receivables | *Note 5* | 5,130 | 29,422 |
| **Total financial assets (i)** | | **5,669,348** | **2,594,989** |
| **Financial liabilities** | | | |
| Trade and other payables | *Note 8* | 198,319 | 508,867 |
| **Total financial liabilities (ii)** | | **198,319** | **508,867** |

*Notes:*

*(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable).*

*(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes and superannuation payables).*

### (b) Credit Risk

Credit risk arises from the financial assets of the joint venture, which comprise cash and cash equivalents, trade and other receivables. The joint venture's exposure to credit risk arises from the potential default of counter parties on their contractual obligations resulting in financial loss to the joint venture. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the joint venture's financial assets is minimal because it is the joint venture's policy to only deal with entities with high credit ratings. In addition, the joint venture does not engage in hedging for its financial assets and mainly obtains financial assets that are on fixed interest.

Provision of impairment for financial assets is calculated based on expected changes in client credit ratings.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 9. Financial instruments (continued)

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the joint venture's maximum exposure to credit risk. The table below represents the joint venture's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**Credit quality of contractual financial assets**

| | Financial Institutions (double-A credit rating) | Other (unknown credit rating) | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2017** | | | |
| Cash and deposits (excluding cash on hand) | 5,662,718 | - | 5,662,718 |
| Trade Receivables (i) | - | 4,235 | 4,235 |
| Accrued income | - | 895 | 895 |
| **Total contractual financial assets** | **5,662,718** | **5,130** | **5,667,848** |

| | Financial Institutions (double-A credit rating) | Other (unknown credit rating) | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2016** | | | |
| Cash and deposits (excluding cash on hand) | 2,564,067 | - | 2,564,067 |
| Trade Receivables (i) | - | 27,500 | 27,500 |
| Accrued income | - | 1,922 | 1,922 |
| **Total contractual financial assets** | **2,564,067** | **29,422** | **2,593,489** |

*Notes:*

*(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable).*

**Ageing analysis of contractual financial assets**

| **2017** | Carrying amount | Not past due and not impaired | Past due but not impaired | | | |
|---|---|---|---|---|---|---|
| | | | Less than 1 month | 1- 3 months | 3 months - 1 year | 1 - 5 years |
| | $ | $ | $ | $ | $ | $ |
| Cash at bank | 2,663,718 | 2,663,718 | - | - | - | - |
| Cash on deposit | 3,000,000 | 3,000,000 | - | - | - | - |
| Trade receivables | 4,235 | 4,235 | - | - | - | - |
| Accrued income | 895 | 895 | - | - | - | - |
| **Total financial assets** | **5,668,848** | **5,668,848** | **-** | **-** | **-** | **-** |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 9. Financial instruments (continued)

| 2016 | Carrying amount | Not past due and not impaired | Past due but not impaired | | | |
|---|---|---|---|---|---|---|
| | | | Less than 1 month | 1- 3 months | 3 months - 1 year | 1 - 5 years |
| | $ | $ | $ | $ | $ | $ |
| Cash at bank | 971,092 | 971,092 | - | - | - | - |
| Cash on deposit | 1,593,975 | 1,593,975 | - | - | - | - |
| Trade receivables | 27,500 | 16,500 | 11,000 | - | - | - |
| Accrued income | 1,922 | 1,922 | - | - | - | - |
| **Total financial assets** | **2,594,489** | **2,583,489** | **11,000** | **-** | **-** | **-** |

*Note (i): The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.*

Financial assets that are either past due or impaired

Currently, the joint venture does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at reporting date, there are no events to indicate that a provision for impairment is required on the joint venture's financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

### (c) 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.

The contractual maturity analysis for the joint venture's financial liabilities is as follows:

| 2017 | Carrying amount | Nominal amount | Maturity dates (i) | | | |
|---|---|---|---|---|---|---|
| | | | Less than 1 month | 1- 3 months | 3 months - 1 year | 1 - 5 years |
| | $ | $ | $ | $ | $ | $ |
| Trade Creditors and other payables | 198,319 | 198,319 | 198,319 | - | - | - |
| **Total Financial Liabilities** | **198,319** | **198,319** | **198,319** | **-** | **-** | **-** |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 9. Financial instruments (continued)

| 2016 | Carrying amount $ | Nominal amount $ | Maturity dates (i) Less than 1 month $ | 1- 3 months $ | 3 months - 1 year $ | 1 - 5 years $ |
|---|---|---|---|---|---|---|
| Trade Creditors and other payables | 508,867 | 508,867 | 508,867 | - | - | - |
| **Total Financial Liabilities** | **508,867** | **508,867** | **508,867** | **-** | **-** | **-** |

*Note (i): The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.*

### (d) Market risk

The joint venture's exposures to market risk are primarily through interest rate risk.

Interest rate risk may arise primarily through the joint venture's floating rate bank deposits maturity profiles.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are as follows:

| 2017 | Weighted average effective interest rate % | Carrying amount $ | Interest rate exposure Fixed interest rate $ | Variable interest rate $ | Non-interest bearing $ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and deposits | 2.20 | 5,664,218 | 3,000,000 | 2,662,028 | 2,190 |
| Receivables | - | 5,130 | - | - | 5,130 |
| | | **5,669,348** | **3,000,000** | **2,662,028** | **7,321** |
| **Financial liabilities** | | | | | |
| Trade creditors and other payables | - | 198,319 | - | - | 198,319 |
| | | **198,319** | **-** | **-** | **198,319** |

| 2016 | Weighted average effective interest rate % | Carrying amount $ | Interest rate exposure Fixed interest rate $ | Variable interest rate $ | Non-interest bearing $ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and deposits | 2.27 | 2,565,567 | 1,593,975 | 968,137 | 3,455 |
| Receivables | - | 29,422 | - | - | 29,422 |
| | | **2,594,990** | **1,593,975** | **968,137** | **32,877** |
| **Financial liabilities** | | | | | |
| Trade creditors and other payables | - | 508,867 | - | - | 508,867 |
| | | **508,867** | **-** | **-** | **508,867** |

The joint venture is not exposed to currency, market price or other market risks.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 9. Financial instruments (continued)

**Sensitivity disclosure analysis**

Taking into account future expectations, economic forecasts and management's knowledge and experience of financial markets, management believes that a parallel shift of +0.75 per cent and -0.75 per cent in market interest rates from the weighted average rate of 2.20% is 'reasonably possible' over the next 12 months. Rates are sourced from Westpac Banking Corporation.

The impact on net result and equity for each category of financial instrument held by the joint venture at year end if the above movements were to occur is as follows:

| 2017 | Carrying amount | Interest rate risk | | | |
|---|---|---|---|---|---|
| | | + 75 basis points | | -75 basis points | |
| | | Net result | Equity | Net result | Equity |
| | $ | $ | $ | $ | $ |
| **Financial assets** | | | | | |
| Cash and deposits | 5,664,218 | 53,458 | 53,458 | (53,458) | (53,458) |
| | **5,664,218** | **53,458** | **53,458** | **(53,458)** | **(53,458)** |

| 2016 | Carrying amount | Interest rate risk | | | |
|---|---|---|---|---|---|
| | | + 75 basis points | | -75 basis points | |
| | | Net result | Equity | Net result | Equity |
| | $ | $ | $ | $ | $ |
| **Financial assets** | | | | | |
| Cash and deposits | 2,565,567 | 9,600 | 9,600 | (9,600) | (9,600) |
| | **2,565,567** | **9,600** | **9,600** | **(9,600)** | **(9,600)** |

### (e) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

Level 1 The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market prices; and

Level 2 The fair value is determined using imputs other than quoted prices that are observable for the financial asset, or liability, either directly or indirectly; and

Level 3 The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using observable market inputs.

The joint venture considers the carrying amount of financial assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 10. Cash flow information

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **Reconciliation of the net result for the year to net cash flows from operating activities** | | |
| Net result for the year | 3,682,749 | 238,194 |
| Non cash movements | | |
| Loss on sale of property, plant and equipment | 13,625 | - |
| Depreciation | 13,671 | 13,648 |
| Movements in assets and liabilities | | |
| (Increase)/decrease in current receivables | 10,511 | 6,165 |
| (Increase)/decrease in other current assets | 38,794 | (13,478) |
| Increase/(decrease) in current payables | (307,741) | 83,445 |
| Increase/(decrease) in current provisions | (344,362) | 77,787 |
| Increase/(decrease) in non-current provisions | 8,036 | 12,207 |
| **Net cash flows from operating activities** | **3,115,282** | **417,968** |

## Note 11. Responsible persons & Remuneration of Key Officers

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 2016 - 30 June 2017

Board of Directors

| | | |
|---|---|---|
| Chairperson | L. Kristjanson | 1 July 2016 to 30 June 2017 |
| Deputy Chairperson | R. Thomas | 1 July 2016 to 30 June 2017 |
| Director | A. M. Cockram | 1 July 2016 to 30 June 2017 |
| Director | D. A. Fisher | 1 July 2016 to 30 June 2017 |
| Director | D. J. Hilton | 1 July 2016 to 30 June 2017 |
| Director | C. J. Kilpatrick | 1 July 2016 to 20 April 2017 and 1 May 2017 to 30 June 2017 |
| Director | G. J. Goodier | 1 July 2016 to 16 October 2016 |
| Director | S. M. Matthews | 1 July 2016 to 30 June 2017 |
| Director | B. Murphy | 1 July 2015 to 16 September 2016 |
| Director | K. North | 1 July 2016 to 30 June 2017 |
| Director | J. McCluskey | 1 July 2016 to 30 June 2017 |
| Director | S. J. O'Neill | 1 July 2016 to 30 June 2017 |
| Director | A. Horsburgh | 17 October 2016 to 30 April 2017 |
| Director | S.F. Shilbury | 30 January 2017 to 30 June 2017 |
| Director | J.C. Stanway | 21 April 2017 to 30 June 2017 |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 11. Responsible persons & Remuneration of Key Officers

Other Accountable Officers

| | | |
|---|---|---|
| Executive Director | G McArthur | 3 April 2016 to 30 June 2017 |
| Executive Director | J Bishop | 1 July 2016 to 31 December 2016 |

**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 3/4/17-30/6/17 $70,000 - $79,999 ($0 in 2015-16)

Accountable Officer 1/7/16-31/12/16 $480,000 - $489,999 ($340,000 - $349,999 in 2015-16)

## Note 12. 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 2017:

| | |
|---|---|
| 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 | Murdoch Childrens Research Institute |

These entities as well as the key management personnel listed in Note 12 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 $145,000 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:

Conexus supports costs ($200,000): Melbourne Health invoiced the VCCC for a contribution to the support costs for operating the Conexus platform. This transaction was on commercial terms.

Research & Education leads ($80,000 each): Melbourne Health (1), Western Health (1), the Walter & Eliza Hall Institute (1), the University of Melbourne (1) and Peter MacCallum Cancer Centre (3) invoiced the VCCC for costs associated with providing leads to drive collaborative work across the members. These transactions are made on commerical terms.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 12. Related Parties (continued)

The University of Melbourne provided seconded staff ($65,975.30), office support and IT hardware ($122,249.98) on commercial terms during the year.

The University of Melbourne provided IT service support on a peppercorn basis ($1) during the year.

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.

**Remuneration of Key Management Personnel**

| | **2017** **$** | 2016 (i) $ |
|---|---|---|
| Short-term benefits | **318,964** | - |
| Post-employment benefits | **27,440** | - |
| Other long-term benefits | **5,251** | - |
| Termination benefits | **-** | - |
| Share-based payments | **-** | - |
| **Total remuneration** | **351,655** | - |

(i) Adoption of the new requirements under AASB 124 *Related Party Disclosures* do not require comparative figures to be presented in the year of adoption.

## Note 13. Superannuation

Employees of the Company and working on behalf of the joint venture are entitled to receive superannuation benefits and the Company contributes to defined contribution plans.

The name and details of the employee superannuation funds are as follows:

| **Fund Name** | **Paid Contribution for the Year** | | **Contribution Outstanding at Year End** | |
|---|---|---|---|---|
| | **2017** **$** | 2016 $ | **2017** **$** | 2016 $ |
| Australian Super | **16,969** | 11,290 | **6,717** | 3,907 |
| G & R Morstyn Super | **5,256** | 15,234 | **-** | 4,624 |
| AMP | **3,100** | - | **913** | 661 |
| HESTA Super | **22,010** | 13,670 | **7,424** | 3,492 |
| UniSuper | **63,675** | 60,760 | **10,132** | 20,667 |
| Hostplus | **-** | - | **2,856** | - |
| Aon Super Fund | **77** | - | **909** | - |
| McArthur Super Fund | **-** | - | **6,106** | - |
| Care Super | **-** | - | **181** | - |
| First State Super | **-** | - | **732** | - |
| Avalee Weir Super Fund | **3,998** | - | **2,537** | - |
| | **115,085** | 100,954 | **38,507** | 33,351 |

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 14. Remuneration of auditors

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **Victorian Auditor-General's Office** | | |
| Audit of the financial statements | 14,500 | 14,100 |
| | **14,500** | **14,100** |

## Note 15. Significant events after Balance Date

There were no significant events after Balance Date.

## Note 16. Contingent Assets and Contingent Liabilities

The Victorian Comprehensive Cancer Centre has no known contingent assets or liabilities.

## Note 17. Commitments for Expenditure

The Victorian CCC has no capital commitments at balance date.

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

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **Other expenditure commitments** | | |
| Not later than one year | 342,619 | 179,546 |
| Later than one year but not later than 5 years | - | 19,800 |
| **Total expenditure commitments** | **342,619** | **199,346** |
| Total commitments (inclusive of GST) | 342,619 | 199,346 |
| less GST recoverable from the ATO | 31,147 | 18,122 |
| **Total commitments (exclusive of GST)** | **311,472** | **181,224** |

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

## Note 18. 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.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 18. Glossary of terms (continued)

**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 acquisition of non-financial assets (from transactions)**
Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

**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.

# Notes to and Forming Part of the Financial Statements
**for the year ended 30 June 2017** (continued)

## Note 18. Glossary of terms (continued)

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

**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.

# Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

***To the Board of the Victorian Comprehensive Cancer Centre***

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|---|---|
| **Opinion** | I have audited the financial report of the Victorian Comprehensive Cancer Centre (the joint venture) which comprises the:<br>• balance sheet as at 30 June 2017<br>• comprehensive operating statement for the year then ended<br>• statement of changes in equity for the year then ended<br>• cash flow statement for the year then ended<br>• notes to the financial statements, including a summary of significant accounting policies<br>• declaration by the manager of joint venture - Victorian Comprehensive Cancer Centre Ltd.<br><br>In my opinion the financial report presents fairly, in all material respects, the financial position of the joint venture as at 30 June 2017 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. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.<br><br>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 Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.<br><br>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. |
| **Board's responsibilities for the financial report** | The Board 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 Board 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.<br><br>In preparing the financial report, the Board is responsible for assessing the joint venture's ability to continue as a 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 our 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 Board
- conclude on the appropriateness of the Board'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 Board 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
21 August 2017

Ron Mak
*as delegate for the Auditor-General of Victoria*