

VICTORIAN COMPREHENSIVE CANCER CENTRE

JOINT VENTURE

Financial Report

for the year ended

30 June 2020

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Introduction

This is the Financial Report of the Victorian Comprehensive Cancer Centre joint venture for 2019/20. 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	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
State	The Crown in the right of the State of Victoria
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 2020.

The year-ended 30 June 2020 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 consolidation 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 overall result for the year is a \$5.07M deficit and comes about due to significantly front-ended revenue in the four-year funding agreement (received in FY 2017 and 2018) and significant planned program expenditure during the year.

Income is higher than the previous financial year, primarily due to conference income and revenue relating to recouping outgoings related to office and laboratory space.

The ongoing implementation of the SRP continued to be the focus of the organisation this year. This year has again seen further recruitment of staff with expertise to support the delivery of the programs. Recruitment has resulted in significant increases in employee benefits expense (up \$0.918M on 2018/19). Project expenditure has also increased significantly this year (up \$2.55M on 2018/19) as the programs matured and were in later stages of delivery. The development and implementation of the SRP has provided an effective mechanism for engagement and collaboration across the alliance.

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 10,150 people attend 119 educational activities developed and/or coordinated by the VCCC. The Masters of Cancer Science continued strongly in 2019/20 with 94 unique enrollees across the year.

Review of Operations (continued)

The cornerstone Research & Education Lead program expanded under the SRP. These thirteen senior leadership appointments, drawn from across the alliance partners, 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 continued this year.

Overall progress on all 19 programs of the SRP and other ongoing VCCC activity is tracking slightly behind schedule and within budget expectations. The comprehensive result of a \$5.07M deficit was lower than the budgeted deficit due to delays in program expenditure due to the COVID-19 pandemic. The delays have resulted in a 6-month extension to the funding agreement covering the SRP signed with DHHS which is now due to expire 31 December 2020. The COVID-19 pandemic should have limited impact on remaining SRP program work through to December 2020.

The VCCC has secured ongoing recurrent funding from DHHS for the period 1 July 2020 to 30 June 2023 which supports approximately \$1.5M in central costs and is matched by the Members of the joint venture.

Significant Events after Balance Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the VCCC at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on VCCC, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster is still in place.

There were no other significant events after Balance Date which affected or may affect the operations of the VCCC, the results of operations or the state of affairs of the VCCC in future financial years.

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: 1 September 2020
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 2020;
- (ii) The Balance Sheet is drawn up so as to present fairly the state of affairs of the joint venture as at 30 June 2020;
- (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 2020;
- (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 2020;
- (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: 1 September 2020

Comprehensive Operating Statement for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income from transactions			
Income from Member Entities	2	1,519,220	1,496,770
Grants from Department of Health & Human Services	2	8,719,222	8,496,770
Other income	2	926,489	263,210
Interest income	2	142,735	322,160
Total income from transactions		11,307,666	10,578,910
Expenses from transactions			
Project Expenditure			
Research Projects		(3,782,095)	(2,322,121)
Education and Training Projects		(720,810)	(1,041,022)
Clinical Research Focus Projects		(5,107,276)	(3,696,531)
Other expenses			
Employee benefit expense	3(a)	(5,017,482)	(4,098,925)
Supplies and services	3(b)	(1,681,734)	(1,316,924)
Depreciation and amortisation expense	3(c)	(65,793)	(51,127)
Total expenses from transactions		(16,375,190)	(12,526,650)
Net result from transactions (net operating balance)		(5,067,524)	(1,947,740)
Comprehensive result		(5,067,524)	(1,947,740)

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 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	4	6,071,891	5,068,555
Other financial assets	5	4,500,000	9,500,000
Trade and other receivables	6	314,313	203,671
Prepayments		336,339	1,220,443
Total Current assets		11,222,543	15,992,669
Non-Current assets			
Investment in Cancer Therapeutics CRC		18,497	18,497
Plant and equipment	7	100,970	137,191
Intangibles	8	69,016	82,824
Total non-current assets		188,483	238,512
Total assets		11,411,026	16,231,181
Liabilities			
Current liabilities			
Trade and other payables	9	1,271,441	1,327,988
Provisions	10	417,862	252,933
Total Current liabilities		1,689,303	1,580,921
Non-Current liabilities			
Trade and other payables	9	150,000	-
Provisions	10	95,297	106,310
Total Non-Current liabilities		245,297	106,310
Total liabilities		1,934,600	1,687,231
Net assets		9,476,426	14,543,950
Equity			
Accumulated surplus		9,476,426	14,543,950
Total equity		9,476,426	14,543,950
Contingent assets and contingent liabilities	17		
Commitments for expenditure	18		

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 2020

	Note	Equity at 1 July 2019	Total comprehen- sive result	Equity at 30 June 2020
2020		\$	\$	\$
Accumulated surplus		14,543,950	(5,067,524)	9,476,426
Total equity at end of financial year		14,543,950	(5,067,524)	9,476,426

	Note	Equity at 1 July 2018	Total comprehen- sive result	Equity at 30 June 2019
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

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts			
Receipts from Member Entities		1,481,241	1,496,770
Receipts from Department of Health & Human Services		9,591,144	9,346,447
Other income		1,045,019	194,004
Interest income		210,260	276,542
Total receipts		12,327,664	11,313,763
Payments			
Payments for supplies and services		(11,714,537)	(8,691,735)
Payments for employee benefits		(4,583,088)	(3,742,725)
Goods and Services Tax received from (paid to) the ATO		(5,610)	(15,035)
Total payments		(16,303,235)	(12,449,495)
Net cash flows from operating activities	12	(3,975,571)	(1,135,732)
Cash flows from investing activities			
Payments for non-financial assets		(21,093)	(156,745)
Receipts from term deposits and other deposits		5,000,000	-
Net cash flows used in investing activities		4,978,907	(156,745)
Net increase in cash and cash equivalents		1,003,336	(1,292,477)
Cash and cash equivalents at the beginning of financial year		5,068,555	6,361,032
Cash and cash equivalents at the end of financial year	4	6,071,891	5,068,555

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 2020

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 2019 to 30 June 2020. The reporting period for the 2019 comparative period is from 1 July 2018 to 30 June 2019.

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020. The VCCC moved to a remote working basis on 20 March 2020 and delays in some activity due to the pandemic has seen an extension of 6-months out to 31 December 2020 to the VCCC's primary funding agreement with the Department of Health and Human Services in Victoria and a decline in planned expenditure.

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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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 2020 (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

The VCCC policy for revenue recognition has changed due to the introduction of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the 2019/20 financial year.

Income is recognised in accordance with either:

- a) income for not-for-profit entities, in accordance with AASB 1058;
- b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- c) a lease liability in accordance with AASB 16;
- d) a financial instrument, in accordance with AASB 9; or
- e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Government Grants

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met. The VCCC does not currently recognise any income from grants on this basis.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when VCCC gains control of the asset. On initial recognition of the asset, the VCCC recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

There are no transitional impacts of adopting AASB 15 and AASB 1058 and no deferral of grant revenue.

Revenue from Member Entities

In accordance with AASB 1058 Income of Not-for-Profit Entities, amounts received from member entities are recognised as income on receipt.

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 2020 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Other income

Amounts disclosed as other income come from varied sources and are recognised under both AASB 15 and AASB 1058 depending on the individual arrangements. Contracted sponsorship income is recognised under AASB 15 as performance obligations are satisfied. Other types of income such as conference income received through a professional conference organiser, reimbursement of outgoings for shared office space and reimbursement of expenses where no contract exists are recognised under AASB 1058 on receipt and where applicable, net of returns, allowances and duties and taxes.

Previous accounting policy for 30 June 2019

Income from Government Grants, Contributions from Members and Other Income were recognised as the Joint Venture gained control of the undelying assets.

(c) Expenses from transactions

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

(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 and intangible assets on which the depreciation charges are based.

	2020	2019
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	5 years

(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.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(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.

(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.

(j) Plant and equipment

Items of 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).

Peppercorn leases and asset valuation

A number of leases that the VCCC has entered into result in a transaction where the consideration to acquire the asset is significantly less than its fair value principally to enable the VCCC to further its objectives. In December 2018, the Australian Accounting Standards Board provided temporary relief from the requirement to measure right-of-use assets from peppercorn (or "concessionary") leases to fair value at initial recognition and subsequent measurement. Entities that apply this temporary exemption may recognise right-of-use assets at cost. The VCCC has elected to initially and subsequent measure right-of-use assets from peppercorn leases at cost.

The VCCC has entered into two leases for office and laboratory space with the Peter MacCallum Cancer Centre that have significantly below-market terms:

(i) Dedicated administrative office including office furniture for 31 staff on level 10 of the Victorian Comprehensive Cancer Centre at 305 Grattan St, Melbourne.

Lease payments are \$1 per annum for a period of 25 years with reimbursement for utilities for the occupied space.

(ii) Administrative office space including office furniture for 14 staff and three meeting rooms on level 13 of the Victorian Comprehensive Cancer Centre at 305 Grattan St, Melbourne.

Lease payments are \$1 per annum for a period of 4 years with reimbursement for utilities for the occupied space.

(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.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(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.

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.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 1. Summary of Significant Accounting Policies (Continued)

(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 2020 (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 2020 reporting period. As at 30 June 2020, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2020. 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 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The VCCC has not earlier adopted the Standard.	01-Jan-20	The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The VCCC is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	01-Jan-22	The amendment initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 Classification of Liabilities as Current or Non-Current – Deferral of Effective Date with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The VCCC will not early adopt the Standard. The VCCC is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

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 2019-20 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 17 Insurance Contracts.
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 2. Income from transactions

	2020 \$	2019 \$
Income from transactions		
Income from Member Entities		
Melbourne Health	151,922	149,677
Peter MacCallum Cancer Institute (trading as the Peter MacCallum Cancer Centre)	151,922	149,677
The Royal Women's Hospital	151,922	149,677
The University of Melbourne	151,922	149,677
St Vincent's Hospital (Melbourne) Limited	151,922	149,677
The Walter and Eliza Hall Institute of Medical Research	151,922	149,677
The Royal Children's Hospital	151,922	149,677
Western Health	151,922	149,677
Austin Health	151,922	149,677
Murdoch Childrens Research Institute	151,922	149,677
Total Contributions from Member Entities	1,519,220	1,496,770
Grants from Department of Health & Human Services	8,719,222	8,496,770
Other Income	926,489	263,210
Interest Income	142,735	322,160
Total income from transactions	11,307,666	10,578,910

Note 3. Expenses from transactions

(a) Employee benefits		
Salary and wages	4,086,750	3,294,217
Seconded staff salary and wages	415,181	357,804
Superannuation	361,635	294,240
Movement in provision for employee entitlements	49,560	136,238
Movement in other on-costs - recognised in provision	8,247	16,426
Movement in retention provision	96,109	-
	5,017,482	4,098,925
(b) Supplies and services		
Professional fees and consultants	133,386	209,054
Insurance expense	25,316	25,316
Travel expense	178,563	153,183
Legal expense	60,034	11,144
Rent	295,817	276,717
External and internal audit fees	34,850	33,350
Communications expense	219,289	160,934
Subscriptions and memberships	46,246	88,100
Staff training	72,603	74,549
Research conference	321,306	-
Other expenses	294,324	284,577
	1,681,734	1,316,924
(c) Depreciation and amortisation		
Office equipment	746	200
Computer equipment and software	40,615	38,982
Leasehold improvements	6,684	6,684
Website	17,748	5,261
	65,793	51,127

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 4. Cash and cash equivalents

	2020 \$	2019 \$
Cash on hand	500	500
Cash at bank	6,071,391	5,068,055
Total cash and cash equivalents	6,071,891	5,068,555

Note 5. Other financial assets

	2020 \$	2019 \$
Funds on deposit	4,500,000	9,500,000
Total other financial assets	4,500,000	9,500,000

Note 6. Trade and other receivables

	2020 \$	2019 \$
Contractual		
Trade receivables ⁽ⁱ⁾	214,927	1,215
Other receivables	26,571	161,331
	241,498	162,546
Statutory		
GST input tax credit recoverable	72,815	41,124
	72,815	41,124
Total trade and other receivables ⁽ⁱⁱ⁾	314,313	203,671

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

2020	0-30 days	30-60 days	60-90 days	Over 90 days
	\$	\$	\$	\$
Trade receivables	148,734	37,981	-	28,212
Other receivables	26,571	-	-	-
GST input tax credit recoverable	72,815	-	-	-
Total trade and other receivables	248,120	37,981	-	28,212

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 6. Trade and other receivables (Continued)

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	-	-	-

Note 7. Plant and equipment

	2020	2019
	\$	\$
Office equipment		
At fair value	8,063	4,297
Less accumulated depreciation	(1,646)	(900)
	<u>6,417</u>	<u>3,397</u>
Computer equipment		
At fair value	146,548	139,253
Less accumulated depreciation	(104,755)	(64,902)
	<u>41,793</u>	<u>74,351</u>
Leasehold improvements		
At fair value	66,838	66,838
Less accumulated depreciation	(14,078)	(7,394)
	<u>52,760</u>	<u>59,444</u>
Total Plant and equipment	<u>100,970</u>	<u>137,191</u>

	Office Equipment	Computer equipment	Leasehold improve- ments	Total
2020	\$	\$	\$	\$
Balance at beginning of year	3,397	74,351	59,444	137,191
Additions	3,766	8,686	-	12,452
Disposals	-	(629)	-	(629)
Depreciation expense	(746)	(40,615)	(6,684)	(48,044)
Balance at end of year	6,417	41,793	52,760	100,970
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

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 8. Intangibles

	2020 \$	2019 \$
Website		
At fair value	92,025	88,085
Less accumulated amortisation	(23,009)	(5,261)
Total Intangibles	69,016	82,824

Note 9. Trade and other payables

	2020 \$	2019 \$
Current		
Contractual		
<i>Unsecured liabilities</i>		
Trade Creditors ⁽ⁱ⁾	482,849	857,199
Accruals	541,246	376,281
Income received in advance	-	20,607
	1,024,095	1,254,087
Statutory		
Superannuation payable	90,912	76,983
PAYG withholding tax payable	96,434	(3,081)
	187,346	73,902
Contract Liabilities		
Income received in advance	60,000	
	60,000	
Total current trade and other payables	1,271,441	1,327,988
Non-current		
Contract Liabilities		
Income received in advance	150,000	
Total non-current trade and other payables	150,000	
Total Trade and other Payables	1,421,441	1,327,988

Note: The average credit period is 30 days.

Maturity analysis of trade and other payables

2020	0-30 days	30-60 days	60-90 days	Over 90 days
	\$	\$	\$	\$
Trade creditors	482,849	-	-	-
Accruals	541,246	-	-	-
Superannuation payable	90,912	-	-	-
PAYG withholding tax payable	96,434	-	-	-
Total payables	1,211,441	-	-	-

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 9. Trade and other payables (continued)

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 trade and other payables	1,307,381	-	-	-

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

Note 10. Provisions

	2020	2019
	\$	\$
Current		
Employee benefits ⁽ⁱ⁾		
<i>Annual leave</i>		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	222,510	167,855
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	-	-
<i>Long service leave</i>		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	60,896	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⁾	38,347	29,148
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	-	-
Retention Provision ⁽ⁱⁱ⁾	96,109	-
Total current provisions	417,862	252,933
Non-current		
Conditional long service leave	86,740	96,801
Provisions related to employee benefit on-costs	8,557	9,509
Total non-current provisions	95,297	106,310
Total provisions	513,159	359,243

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 2020 (continued)

Note 10. Provisions (continued)

(a) Employee benefits and related on-costs

	2020 \$	2019 \$
Current employee benefits and related on-costs		
Unconditional long service leave entitlements	66,903	61,424
Annual leave entitlements	254,850	191,509
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	95,297	106,310
Total employee benefits and related on-costs	417,050	359,243

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 2019, 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 interest.
- 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 2020 (continued)

Note 12. Cash flow information

	2020 \$	2019 \$
Reconciliation of the net result for the year to net cash flows from operating activities		
Net result for the year	(5,067,524)	(1,947,740)
Non-cash movements		
Increase in investment in Cancer Therapeutics CRC	-	(8,901)
Loss on disposal of assets	629	824
Depreciation and amortisation	65,793	51,127
Movements in assets and liabilities		
(Increase)/decrease in current receivables	(110,643)	(124,184)
(Increase)/decrease in other current assets	884,104	(212,284)
Increase/(decrease) in current payables	(56,548)	892,439
(Increase)/decrease in current payables for fixed assets	4,702	60,324
Increase/(decrease) in current provisions	164,929	143,975
Increase/(decrease) in non-current payables	150,000	-
Increase/(decrease) in non-current provisions	(11,013)	8,689
Net cash flows from operating activities	(3,975,571)	(1,135,732)

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. Jenny Mikakos 1 July 2019 - 30 June 2020

Board of Directors

Chairperson	L. Kristjanson	1 July 2019 to 30 June 2020
Deputy Chairperson	R. Thomas	1 July 2019 to 30 June 2020
Director	M. Alexander	20 January to 30 June 2020
Director	M. Dolan	16 October 2019 to 30 June 2020
Director	R. Harrison	1 July 2019 to 30 June 2020
Director	D. J. Hilton	1 July 2019 to 30 June 2020
Director	C. J. Kilpatrick	1 July 2019 to 30 June 2020
Director	S. M. Matthews	1 July 2019 to 30 June 2020
Director	J. McCluskey	1 July 2019 to 30 June 2020
Director	A. Nolan	1 July 2019 to 30 June 2020
Director	K. North	1 July 2019 to 30 June 2020
Director	S.F. Shilbury	1 July 2019 to 20 January 2020
Director	J.C. Stanway	1 July 2019 to 30 June 2020
Director	N. Twedde	1 July 2019 to 16 October 2019

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 13. Responsible persons disclosures (continued)

Accountable Officer

Executive Director

G McArthur

1 July 2019 to 30 June 2020

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 2019/20 \$390,000 - \$399,999 (\$370,000 - \$379,999 in 2018/19)

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 entities are equal members of the joint venture at 30 June 2020:

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 significant influence over), are considered related parties of the joint venture.

Significant joint venture transactions

The VCCC received member contributions of \$151,922 (\$149,677 in 2018/19) 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 worked on three projects on behalf of the VCCC, provided one research & education lead and one staff on secondment on commercial terms to the value of \$479,444 (\$674,620 in 2018/19).

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 \$186,694 (\$152,400 in 2018/19).

The Royal Children's Hospital worked on four projects on behalf of the VCCC during the year on commercial terms to the value of \$104,415 (\$150,253 in 2018/19).

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 14. Related parties (continued)

St Vincent's Hospital (Melbourne) Limited worked on four projects on behalf of the VCCC during the year on commercial terms to the value of \$132,814 (\$45,832 in 2018/19).

Melbourne Health worked on two projects and provided three research & education lead on behalf of the VCCC during the year on commercial terms to the value of \$182,722 (\$222,275 in 2018/19).

Austin Health worked on five projects on behalf of the VCCC during the year and provided two research & education leads on commercial terms to the value of \$442,274 (\$405,500 in 2018/19).

The Royal Women's Hospital worked on one project on behalf of the VCCC during the year and provided one research & education lead on commercial terms to the value of \$4,744 (\$17,002 in 2018/19).

Murdoch Children's Research Institute worked on four projects on behalf of the VCCC during the year on commercial terms to the value of \$153,788 (\$nil in 2018/19).

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 \$108,877 (\$82,065 in 2018/19) and worked on 16 projects on commercial terms to the value of \$2,477,984 (\$2,534,243 in 2018/19).

Other purchases were made on a cost-recovery basis for \$13,175 (\$58,747 in 2018/19).

One research & education lead was appointed on commercial terms for \$55,660 (\$80,000 in 2018/19).

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 \$305,792 (\$288,938 in 2018/19) and other purchases for occupancy related costs were made to the value of \$416,031 (\$233,470 in 2018/19). Venue hire costs to the value of \$18,002 (\$23,400 in 2018/19) were provided on commercial terms. Services for Clinical Trial support were provided to the VCCC through grants to a value of \$2,013,860 (\$1,199,681 in 2018/19).

The centre worked on six projects behalf of VCCC to the value of \$670,748 (\$295,799 in 2018/19).

Seven research & education leads were provided to work on behalf of the VCCC on commercial terms to the value of \$257,791 (6 - \$451,814 in 2018/19).

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 13 are the KMPs of VCCC. Assoc. Prof Anna Boltong, Associate Director, was also a KMP of the organisation until her resignation on 8th April 2020.

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

	2020 \$	2019 \$
Short-term benefits	732,749	641,940
Post-employment benefits	45,301	39,129
Other long-term benefits	5,375	8,469
Termination benefits	-	-
Total remuneration	783,425	689,538

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2020 (continued)

Note 15. Remuneration of auditors

	2020 \$	2019 \$
Victorian Auditor-General's Office		
Audit of the financial statements	16,850	15,350
	16,850	15,350

The audit fee of the Victorian Comprehensive Cancer Centre Ltd of \$4,100 (2019: \$4,100) is borne by the Victorian Comprehensive Cancer Centre joint venture and included above.

Note 16. Significant events after balance date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the VCCC at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on VCCC, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster is still in place.

There were no other significant events after Balance Date which affected or may affect the operations of the VCCC, the results of operations or the state of affairs of the VCCC in future financial years.

Note 17. Contingent assets and contingent liabilities

The VCCC has no known contingent assets or liabilities (2019: 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.

	2020 \$	2019 \$
Other expenditure commitments		
Not later than one year	3,159,869	5,989,412
Later than one year but not later than 5 years	1,893,126	2,039,034
Total expenditure commitments	5,052,995	8,028,446
Total commitments (inclusive of GST)	5,052,995	8,028,446
less GST recoverable from the ATO	(459,363)	(729,589)
Total commitments (exclusive of GST)	4,593,632	7,298,857

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 2020 (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 2020 (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.

Independent Auditor's Report

To the Manager of the Victorian Comprehensive Cancer Centre

Opinion	<p>I have audited the financial report of the Victorian Comprehensive Cancer Centre (the joint venture) which comprises the:</p> <ul style="list-style-type: none"> balance sheet as at 30 June 2020 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. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the joint venture as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Manager's responsibilities for the financial report	<p>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.</p> <p>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.</p>
Other Information	<p>The Manager of the joint venture is responsible for the Other Information, which comprises the information in the joint venture's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

**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
2 September 2020

Travis Derricott
as delegate for the Auditor-General of Victoria