

**The Barwon Health Foundation Future Fund
Financial Statements
Year ended 30 June 2018**

**Barwon Health Foundation Future Fund
Comprehensive Operating Statement
For the Year Ended 30 June 2018**

		2018	2017
Revenue from operating activities	2.1	801,267	2,197,947
Revenue from non-operating activities	2.1	221,455	178,445
Other expenses	3.1	(250,389)	(127,309)
Finance Costs - Self Funded Activity		-	-
Net result before capital and specific items		772,333	2,249,083
Net Result after capital and specific items		772,333	2,249,083
Other economic flows included in net result			
Net gain/(loss) on non-financial assets		-	-
Net gain/(loss) on financial instruments		(52,600)	8,513
Total other economic flows included in net result		(52,600)	8,513
Net result from continuing operations		719,733	2,257,596
Net result from discontinued operations		-	-
NET RESULT FOR THE YEAR		719,733	2,257,596
Other comprehensive income			
Items that may be reclassified subsequently to net result			
Net fair value gain/(loss) on available-for-sale financial asset	8.1	144,497	50,064
Total other comprehensive income		144,497	50,064
Comprehensive result		864,230	2,307,660

This Statement should be read in conjunction with the accompanying notes.

**Barwon Health Foundation Future Fund
Balance Sheet
As at 30 June 2018**

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	6.1	137,828	749,590
Receivables	5.1	72,756	84,486
Investments and other financial assets	4.1	4,650,765	3,341,235
Total current assets		4,861,349	4,175,311
TOTAL ASSETS		4,861,349	4,175,311
Current liabilities			
Payables	5.2	15,474	18,666
Total current liabilities		15,474	18,666
TOTAL LIABILITIES		15,474	18,666
NET ASSETS		4,845,875	4,156,645
EQUITY			
Financial asset available for sale revaluation surplus	8.1a	213,166	68,669
General purpose surplus		-	-
Restricted specific purpose surplus	8.1b	2,678,981	2,027,714
Permanent Endowment	8.1b	1,483,608	1,508,608
Accumulated surpluses/(deficits)	8.1c	470,120	551,654
TOTAL EQUITY		4,845,875	4,156,645

This Statement should be read in conjunction with the accompanying notes.

Barwon Health Foundation Future Fund
Statement of Changes in Equity
For the Year Ended 30 June 2018

		Financial Asset Available for Sale Revaluation Surplus	Restricted Specific Purpose Surplus	Permanent Endowment	Accumulated Surpluses/ (Deficits)	Total
	Note	\$	\$	\$	\$	\$
Balance at 1st July 2016		18,605	234,356	1,558,608	164,917	1,976,486
Net result for the Period as restated					2,257,595	2,257,595
Other comprehensive income for the Period	8.1a	50,064				50,064
Transfer to accumulated surplus	8.1b, 8.1c		1,870,858		(1,870,858)	0
Distributions made to Barwon Health			(77,500)	(50,000)		(127,500)
Balance at 30 June 2017		68,669	2,027,714	1,508,608	551,654	4,156,645
Net result for the year					719,733	719,733
Other comprehensive income for the year	8.1a	144,497				144,497
Transfer to accumulated surplus	8.1b, 8.1c		801,267		(801,267)	
Distributions made to Barwon Health			(150,000)	(25,000)		(175,000)
Balance at 30 June 2018		213,166	2,678,981	1,483,608	470,120	4,845,875

This Statement should be read in conjunction with the accompanying notes

Barwon Health Foundation Future Fund
Cash Flow Statement
For the Year Ended June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations and bequests received		801,267	2,197,947
GST received from/(paid to) ATO		584	462
Interest and Dividends received		149,139	122,429
Other receipts		21,897	-
Total receipts		972,887	2,320,838
Payments for supplies & consumables		(253,363)	(118,290)
Other payments		-	-
Total payments		(253,363)	(118,290)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.2	719,524	2,202,548
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(2,800,011)	(2,204,679)
Proceeds from sale of investments		1,643,725	654,884
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		(1,156,286)	(1,549,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(175,000)	(127,500)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		(175,000)	(127,500)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(611,762)	(525,253)
Cash and cash equivalents at beginning of financial year		749,590	224,337
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	137,828	749,590

This Statement should be read in conjunction with the accompanying notes

Note 2.1: Analysis of Revenue by Source

	2018 \$	2017 \$
Bequests	628,633	1,940,947
Individual Donations	72,000	167,000
Corporate Donations	634	-
Trusts and Foundations	100,000	90,000
Total Revenue from Operating Activities	801,267	2,197,947
Franking credit refund	35,361	21,722
Interest	52,022	37,881
Dividends	132,157	117,205
Foreign Income	1,915	1,637
Total Revenue from Non-Operating Activities	221,455	178,445
Available-for-Sale Revaluation Surplus gain/ (loss) recognised	(52,600)	8,513
Total Revenue	970,122	2,384,905

Note: Income recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised to the extent that it is probable that the economic benefits will flow to the Future Fund and the income can be measured reliably.

Amounts disclosed as revenue are, where applicable, net of returns allowances and duties and taxes.

Donations and other operating revenue

Donations and bequests are recognised as revenue when the Future Fund gains control of the contribution. If donations are for a special purpose, they may be appropriated to a reserve, such as specific restricted purpose reserve.

Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

Sale of investments

The gain or loss on the sale of investments is recognised when the investment is realised.

Note 3.1: Analysis of Expenses by Source

	2018	2017
	\$	\$
Other expenses from continuing operations		
Other Operating Expenses		
Advertising expenditure	-	1,275
Event expenses	18,489	11,431
Investment fees	16,296	10,675
Other administrative expenses	208,404	96,828
Audit fees	7,200	7,100
Total other expenses	250,389	127,309
Total Expenses	250,389	127,309

Note: Expense recognition

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

Note 4.1: Investments and other financial assets

	2018 \$	2017 \$
CURRENT		
Available for sale at Fair Value through Equity		
<i>Equities and managed funds - at fair value</i>		
Fixed Interest - Domestic	2,164,472	1,050,050
Equities - Domestic	1,805,143	1,726,274
Equities - International	505,177	413,861
Managed Funds International	175,973	151,050
Total Current	4,650,765	3,341,235
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	4,650,765	3,341,235

Notes: Investment Policy

Ageing analysis of investments and other financial assets

Please refer to Note 7.1 for the ageing analysis of investments and other financial assets.

Nature and extent of risk arising from investments and other financial assets

Please refer to Note 7.1 for the nature and extent of credit risk arising from investments and other financial assets.

Investments and other financial assets

Investments 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.

Investments are classified in the following categories:

Available-for-sale financial assets.

Other financial assets are classified between current and non-current assets based on the Trustee's intention at initial recognition with respect to the timing of the disposal of each asset. The Future Fund assesses at each reporting date whether a financial asset or a group of financial assets is impaired.

The Future Fund classifies its other investments as available-for-sale. This classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

The Foundation assesses at each balance date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

Impairment of financial assets

At the end of each reporting period the Future Fund assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

Note 5.1: Receivables

CURRENT

Contractual

Accrued Investment Income
Accrued franking credit refund

Statutory

GST Receivable

TOTAL CURRENT RECEIVABLES

TOTAL RECEIVABLES

	2018 \$	2017 \$
	34,927	59,540
	35,361	21,676
	70,288	81,216
	2,468	3,270
	2,468	3,270
	72,756	84,486
	72,756	84,486

Note: Receivables Policy

Ageing analysis of receivables

Please refer to Note 7.1 for the ageing analysis of contractual receivables.

Nature and extent of risk arising from receivables

Please refer to Note 7.1 for the nature and extent of credit risk arising from contractual receivables.

Receivables consist of:

- Statutory receivables, which includes predominantly amounts owing from Goods and Services Tax ("GST") input tax credits recoverable; and
- Contractual receivables, which includes of debtors in relation to goods and services and accrued investment income.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Note 5.2: Payables

	2018 \$	2017 \$
CURRENT		
Contractual		
Trade Creditors	15,474	18,666
TOTAL CURRENT	15,474	18,666
TOTAL PAYABLES	15,474	18,666

Maturity analysis of payables

Please refer to Note 7.1 for the ageing analysis of contractual payables.

Nature and extent of risk arising from payables

Please refer to note 7.1 for the nature and extent of risks arising from contractual payables.

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Future Fund prior to the end of the financial year that are unpaid, and arise when the Foundation becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- Statutory payables, such as goods and services tax and fringe benefits tax payables

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Note 6.1: Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	-	-
Cash at bank	137,828	749,590
Total Cash and Cash Equivalents	137,828	749,590

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

Note 7.1: Financial Instruments

Financial risk management objectives and policies

The Future Funds principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- investment in equities and managed investment schemes
- payables (excluding statutory payables)
- accommodation bonds

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 Future Funds main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk . The Future Fund manages these financial risks in accordance with its financial risk management policy.

The Future Fund uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Future Fund.

The main purpose in holding financial instruments is to prudentially manage the Future Fund's financial risks within the government policy parameters.

(a) Categorisation of financial instruments

Details of each categories in accordance with AASB 139, shall be disclosed either on the face of the balance sheet or in the notes.

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2018	\$	\$	\$	\$
Contractual Financial Assets				
Cash and cash equivalents	137,828	-	-	137,828
Other Financial Assets - receivables	34,927	-	-	34,927
- Available for sale financial assets	-	4,650,765	-	4,650,765
Total Financial Assets ⁽ⁱ⁾	172,755	4,650,765	-	4,823,520
Financial Liabilities				
Payables	-	-	15,474	15,474
Total Financial Liabilities ⁽ⁱⁱ⁾	-	-	15,474	15,474

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2017	\$	\$	\$	\$
Contractual Financial Assets				
Cash and cash equivalents	749,590	-	-	749,590
Receivables	81,216	-	-	81,216
Other Financial Assets	-	3,341,235	-	3,341,235
- Available for sale financial assets	-	3,341,235	-	3,341,235
Total Financial Assets ⁽ⁱ⁾	830,806	3,341,235	-	4,172,041
Financial Liabilities				
Payables	-	-	18,666	18,666
Total Financial Liabilities ⁽ⁱⁱ⁾	-	-	18,666	18,666

(i) The total amount of financial assets disclosed here excludes statutory receivables

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

Note 7.1: Financial Instruments (Continued)

(b) Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss) \$	Total interest income / (expense) \$	Fee income / (expense) \$	Impairment loss \$	Total \$
2018					
Financial Assets					
Cash and Cash Equivalents ⁽ⁱ⁾	-	-	-	-	-
Loans and Receivables ⁽ⁱ⁾	-	-	-	-	-
Available for Sale ⁽ⁱ⁾	91,897	52,022	16,296	-	160,215
Total Financial Assets	91,897	52,022	16,296	-	160,215
Financial Liabilities					
Payables At Amortised Cost ⁽ⁱⁱ⁾	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents ⁽ⁱ⁾	-	-	-	-	-
Loans and Receivables ⁽ⁱ⁾	-	-	-	-	-
Available for Sale ⁽ⁱ⁾	50,064	37,881	10,675	-	77,270
Total Financial Assets	50,064	37,881	10,675	-	77,270
Financial Liabilities					
Payables At Amortised Cost ⁽ⁱⁱ⁾	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

Note 7.1: Financial Instruments (Continued)

(b) Net holding gain/(loss) on financial instruments by category

Categories of financial Instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Future Fund recognises the following assets in this category:

1) cash and deposits 2) receivables (excluding statutory receivables); 3) term deposits; and 4) certain debt securities.

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Held to maturity financial assets: If the Future Fund has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. The Future Fund makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The held to maturity category includes certain term deposits and debt securities for which the Future Fund intends to hold to maturity.

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. The Future Fund recognises certain debt securities in this category.

Financial liabilities at amortised cost 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 Future Fund recognises this category of payables (excluding statutory payables).

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Future Fund concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: a) the rights to receive cash flows from the asset have expired; or b) the Future Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or c) the Future Fund has transferred its rights to receive cash flows from the asset and either: 1) has transferred substantially all the risks and rewards of the asset; or 2) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Future Fund has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Future Fund's continuing involvement in the asset.

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term. Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Note 7.1: Financial Instruments (continued)

(c) Credit risk

Credit risk arises from the contractual financial assets of the Foundation, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Foundation's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Foundation. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Foundation's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Foundation's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Foundation does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Foundations's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Foundation will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Foundation's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA credit rating)	Government agencies (AA credit rating)	Total
	\$	\$	\$
2018			
Financial Assets			
Cash and Cash Equivalents	137,828	-	137,828
Loans and Receivables			
- Other Receivables (i)	34,927	35,361	70,288
Available for sale			
- Shares in Other Entities	4,650,765	-	4,650,765
Total Financial Assets	4,823,520	35,361	4,858,881
2017			
Financial Assets			
Cash and Cash Equivalents	749,590	-	749,590
Loans and Receivables			
- Other Receivables	59,540	21,676	81,216
Available for sale			
- Shares in Other Entities	3,341,235	-	3,341,235
Total Financial Assets	4,150,365	21,676	4,172,041

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Note 7.1: Financial Instruments (continued)

(c) Credit Risk (continued)

Ageing analysis of Financial Assets as at 30 June

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2018	\$	\$	\$	\$	\$	\$	
Financial Assets							
<i>Cash and Cash Equivalents</i>	137,828	137,828	-	-	-	-	
<i>Loans and Receivables</i>							
- Trade Debtors	-	-	-	-	-	-	
- Other Receivables	34,927	-	31,113	3,814	-	-	
- Term Deposit	-	-	-	-	-	-	
<i>Available for sale</i>							
- Shares in Other Entities	4,650,765	4,650,765	-	-	-	-	
Total Financial Assets	4,823,520	4,788,593	31,113	3,814	-	-	
2017							
Financial Assets							
<i>Cash and Cash Equivalents</i>	749,590	749,590	-	-	-	-	
<i>Loans and Receivables</i>							
- Trade Debtors	-	-	-	-	-	-	
- Other Receivables	81,216	21,676	56,783	2,757	-	-	
- Term Deposit	-	-	-	-	-	-	
<i>Available for sale</i>							
Equities and Managed Funds	3,341,235	3,341,235	-	-	-	-	
Total Financial Assets	4,172,041	4,112,501	56,783	2,757	-	-	

(i) Ageing analysis of financial assets must exclude the types of statutory financial assets (i.e GST input tax credit)

Note 7.1: Financial Instruments (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Foundation would be unable to meet its financial obligations as and when they fall due. The Foundation operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Foundation's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Foundation manages its liquidity risk as follows:

The following table discloses the contractual maturity analysis for the Foundation's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity analysis of Financial Liabilities as at 30 June

	Carrying Amount	Nominal Amount	Maturity Dates			
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
	\$	\$	\$	\$	\$	\$
2018						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	15,474	15,474	10,670	4,804	-	-
Total Financial Liabilities	15,474	15,474	10,670	4,804	-	-
2017						
Financial Liabilities						
<i>At amortised cost</i>						
Payables	18,666	18,666	15,391	3,275	-	-
Total Financial Liabilities	18,666	18,666	15,391	3,275	-	-

Note 7.1: Financial Instruments (continued)

(e) Market risk

The Foundation's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency risk

The Foundation is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest rate risk

Exposure to interest rate risk might arise primarily through the Foundation's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the foundation mainly undertake financial liabilities with relatively even maturity profiles.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Foundation has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Foundation manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Foundation to significant bad risk, management monitors movement in interest rates on a daily basis.

Interest rate exposure of financial assets and liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-Interest Bearing \$'000
2018					
Financial Assets					
<i>Cash and Cash Equivalents</i>	1.36%	137,828	-	91,904	45,924
<i>Loans and Receivables ⁽ⁱ⁾</i>					
- Other Receivables	-	34,927	-	-	34,927
<i>Available for sale</i>					
Equities and Managed Funds	3.89%	4,650,765	2,164,472	-	2,486,293
		4,823,520	2,164,472	91,904	2,567,144
Financial Liabilities					
<i>At amortised cost</i>					
Payables ⁽ⁱ⁾	N/A	15,474	-	-	15,474
		15,474	-	-	15,474
2017					
Financial Assets					
<i>Cash and Cash Equivalents</i>	1.26%	749,590	-	559,469	190,121
<i>Loans and Receivables ⁽ⁱ⁾</i>					
- Other Receivables		81,216	-	-	81,216
<i>Available for sale</i>					
Equities and Managed Funds	3.77%	3,341,235	1,050,050	-	2,291,185
		4,172,041	1,050,050	559,469	2,562,522
Financial Liabilities					
<i>At amortised cost</i>					
Payables ⁽ⁱ⁾	N/A	18,666	-	-	18,666
		18,666	-	-	18,666

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

Note 7.1: Financial Instruments (continued)

(e) Market risk (continued)

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Foundation believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 3.89%;
- A parallel shift of +R% and -R% in inflation rate from year-end rates of 3.89%
- A movement of 15% up and down (2017 : 15 %) for the top ASX 200 index.

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Foundation at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		.25%		0.50%		-12%		+12%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		\$	\$	\$	\$	\$	\$	\$	\$
2018									
Financial Assets									
<i>Cash and Cash Equivalents</i>	137,828	230	230	460	460	-	-	-	-
<i>Loans and Receivables</i>									
- Other Receivables	34,927	-	-	-	-	-	-	-	-
<i>Available for sale</i>									
- Shares in Other Entities	4,650,765	-	-	-	-	-	-	-	-
Financial Liabilities									
<i>At amortised cost</i>									
Payables	15,474	-	-	-	-	-	-	-	-
		230	230	460	460	-	-	-	-
2017									
Financial Assets									
<i>Cash and Cash Equivalents</i>	749,590	(1,399)	(1,399)	2,797	2,797	-	-	-	-
<i>Loans and Receivables</i>									
- Other Receivables	81,216	-	-	-	-	-	-	-	-
<i>Available for sale</i>									
Equities and Managed Funds	3,341,235	-	-	-	-	-	-	-	-
Financial Liabilities									
<i>At amortised cost</i>									
Payables	18,666	-	-	-	-	-	-	-	-
		(1,399)	(1,399)	2,797	2,797	-	-	-	-

Note 7.1: Financial Instruments (continued)

(f) Fair value

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

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Foundation considers that the carrying amount of financial instrument assets and 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.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Consol'd Carrying Amount	Fair value	Consol'd Carrying Amount	Fair value
	2018 \$	2018 \$	2017 \$	2017 \$
Financial Assets				
<i>Cash and Cash Equivalents</i>	137,828	137,828	749,590	749,590
<i>Loans and Receivables ⁽ⁱ⁾</i>				
- Trade Debtors	-	-	-	-
- Other Receivables	34,927	34,927	81,216	81,216
- Term Deposit	-	-	-	-
<i>Available for sale</i>				
Equities and managed funds	4,650,765	4,650,765	3,341,235	3,341,235
Total Financial Assets	4,823,520	4,823,520	4,172,041	4,172,041
Financial Liabilities				
<i>At amortised cost</i>				
Payables	15,474	15,474	18,666	18,666
Borrowings	-	-	-	-
Other Financial Liabilities ⁽ⁱ⁾	-	-	-	-
- Accommodation Bonds	-	-	-	-
- Other	-	-	-	-
Total Financial Liabilities	15,474	15,474	18,666	18,666

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

Note 7.1: Financial Instruments (continued)

(f) Fair value (continued)

Financial assets measured at fair value

	Carrying Amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1*	Level 2*	Level 3
2018	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Debt securities	-	-	-	-
Available for sale securities				
Listed securities	-	-	-	-
Unlisted securities	-	-	-	-
- Equities and managed funds	4,650,765	4,650,765	-	-
Total Financial Assets	4,650,765	4,650,765	-	-
2017				
Financial assets at fair value through profit or loss				
Debt securities	-	-	-	-
Available for sale securities				
Listed securities	-	-	-	-
Unlisted securities	-	-	-	-
- Equities and managed funds	3,341,235	3,341,235	-	-
Total Financial Assets	3,341,235	3,341,235	-	-

*There is no significant transfer between level 1 and level 2

Note 8.1: Equity

	2018 \$	2017 \$
(a) Other comprehensive income for the year		
Balance at the beginning of the reporting period	68,669	18,605
Financial Asset Available for Sale Revaluation Surplus	144,497	50,064
Balance at the end of the reporting period	213,166	68,669
(b) Permanent Endowment		
Balance at the beginning of the reporting period	1,508,608	1,558,608
Transfer to and from Restricted Specific Purpose Surplus	-	-
Distribution made to Barwon Health	(25,000)	(50,000)
Share of increments in Surplus Attributable to Joint Ventures	-	-
Balance at the end of the reporting period	1,483,608	1,508,608
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	2,027,714	234,356
Transfer (to)/from accumulated surplus	801,267	1,870,858
Distributions made to Barwon Health	(150,000)	(77,500)
Balance at the end of the reporting period	2,678,981	2,027,714
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	551,655	164,917
Net Result for the Year	719,732	2,257,596
Transfers to and from Surplus	(801,267)	(1,870,858)
Adjustments Resulting from correction of errors		
Balance at the end of the reporting period	470,120	551,655
Total Equity at end of financial year	4,845,875	4,156,645

Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2018 \$	2017 \$
Net result for the year	719,733	2,257,596
Non-cash movements:		
Provision for doubtful debts	-	-
Resources/assets provided free of charge	-	-
Resources/assets received free of charge	-	-
(Gain)/ Loss on Investments	(8,747)	(8,513)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	11,730	(53,294)
(Increase)/decrease in other assets	-	-
(Increase)/decrease in prepayments	-	-
Increase/(decrease) in payables	(3,192)	9,842
Increase/(decrease) in provisions	-	-
Increase/(decrease) in other liabilities	-	-
Change in inventories	-	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	719,524	2,205,631

Note 8.3: Responsible persons disclosures

The following disclosures are made regarding responsible persons for the reporting period. The Trustee of the Foundation is the Barwon Health Foundation Future Fund Limited. The board members and their deputies of the Trustee during the financial year were:

Governing Boards

Director 1: Geoffrey Neville Daniel Simmonds
 Director 2: John Alexander Miles
 Director 3: Raymond George Frost
 Director 4: Robert Costa
 Director 5: Maria Hamilton
 Director 6: Peter Julian Serra
 Director 7: Brian Carlyle Cook
 Director 8 : Kylie Steel
 Director 9: Rory Costelloe
 Director 10: John Anthony Stekelenburg

Accountable Officer

Jill Lorraine Moodie, Executive Director

Period
1/7/2017 - 30/6/2018
1/7/2017 - 30/6/2018
1/7/2017 - 30/6/2018
1/7/2017 - 30/6/2018
1/7/2017 - 30/6/2018
1/7/2017 - 30/6/2018
1/7/2017 - 1/11/2017
1/7/2017 - 30/6/2018
1/7/2017 - 30/6/2018
1/7/2017 - 12/10/2017
1/7/2017 - 30/6/2018

Remuneration of Responsible Persons: The number of Responsible Persons are shown in their relevant income bands

Income Band

\$0 - \$9,999

Total numbers

Total remuneration received or due and receivable by Responsible Persons from the Foundation amounted to:

2018	2017
11	14
11	14
0	0

Note 8.4: Responsible person and executive officer disclosures

Executive officers' remuneration

There were no executive officers other than the Accountable Officer who received remuneration during the reporting period. The Accountable Officer's remuneration was paid by Barwon Health. Director 7 was also a Director of Barwon Health during the year ending 30 June 2018

Note 8.5: Related party transactions

During the year \$175,000 of distributions (Prior year \$127,500 in distributions) was paid to Barwon Health, and \$0 of donations were received (Prior year \$0) from Barwon Health.

Donations received by the Future Fund from its responsible persons or their related parties is \$2000. (Prior year \$110,000)

Donations received by Barwon Health from the Future Fund's responsible persons or their related parties is \$250. (Prior year \$350)

The key management personnel of BHFFF is the governing board and accountable officer as disclosed in note 8.4

Notes To and Forming Part of the Financial Statements

Barwon Health Foundation Future Fund Annual Report 2017/2018

Note 8.6 Remuneration of auditors

	2018	2017
(\$)		
Victorian Auditor-General's Office		
Audit of financial statement	7200	7100

Note 8.7: Events Occurring after the Balance Sheet Date

There were no material events occurring after the balance sheet date.

Barwon Health Foundation Future Fund 2018 Annual Report

Note 1: Summary of significant accounting policies

a) Statement of compliance

The Barwon Health Foundation Future Fund ("Future Fund") is a trust domiciled in Victoria, Australia. The Future Fund is primarily involved in the raising and stewardship of funds required to enhance Barwon Health's ability to achieve better health outcomes by providing funds for the best facilities, medical equipment, education programs and research initiatives, including employing the best people.

These financial statements are general-purpose financial report which have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board which includes other interpretations and mandatory professional requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and *Regulations 2013* (ACNC). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The Future Fund is a not-for-profit entity and therefore applies the additional Aus. paragraphs applicable to "not-for-profit" entities under the AASs. The financial statements were authorised for issue by the Directors of the Trustee Company on 23rd August 2018.

b) Basis of accounting preparation and measurement

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 2018. The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Future Fund.

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 the cash is received or paid.

The financial statements have been prepared in accordance with the historical cost convention, except for:

- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The nature of these judgements, estimates and assumptions are disclosed in the relevant notes to the financial statements.

Consistent with AASB 13 *Fair Value Measurement*, the Future Fund determines the policies and procedures for both recurring fair value measurements such as and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13.

Barwon Health Foundation Future Fund 2018 Annual Report

Note 1: Summary of significant accounting policies (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Future Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Future Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Reporting entity

The financial statements include all the controlled activities of the Barwon Health Foundation Future Fund. Its principal address is:
*283 Ryrie Street,
Geelong, Victoria 3220*

c) Scope and presentation of financial statements

Comprehensive Operating Statement

The sub-total entitled 'Net result before capital & specific items' is included in the Comprehensive Operating Statement to enhance the understanding of the financial performance of the Future Fund. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amounts such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years. The net result before capital & specific items is used by the management of the Foundation to measure the ongoing performance.

Balance Sheet

Assets and liabilities are categorised either as current or non-current. Non-current being those assets or liabilities expected to be recovered/settled more than twelve months after reporting date. They are disclosed in the notes where relevant.

Statement of Changes in Equity

The Statement of Changes in Equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Statement of Cash Flows

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

**Barwon Health Foundation Future Fund
2018 Annual Report
Note 1: Summary of significant accounting policies
(continued)**

d) New accounting standards and interpretations

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Foundation Future Fund 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 2018	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. The amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
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 2018	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. The assessment has indicated that there will be no significant impact for the public sector.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB	The Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019	1 Jan 2019	The amending standard will defer the applications period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

**Barwon Health Foundation Future Fund
2018 Annual Report
Note 1: Summary of significant accounting policies
(continued)**

<p>15 for Not-for-Profit Entities.</p> <p>AASB 1058 Income of Not-for-Profit Entities</p>	<p>The 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.</p>	<p>1 Jan 2019</p>	<p>The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.</p> <p>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.</p>
---	---	--------------------------	--

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 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

Auditor-General's Independence Declaration

To the Directors, the Barwon Health Foundation Future Fund

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Barwon Health Foundation Future Fund for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
30 August 2018



Ron Mak
as delegate for the Auditor-General of Victoria

Independent Auditor's Report

To the Directors of the Barwon Health Foundation Future Fund

Opinion	<p>I have audited the financial report of the Barwon Health Foundation Future Fund (the trust) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • 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 • director's declaration. <p>In my opinion the financial report is in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the trust as at 30 June 2018 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.
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 trust in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the trust are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the trust'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>

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.

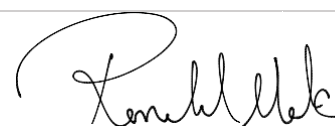
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 trust's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' 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 trust'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 trust 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 Directors 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.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
30 August 2018



Ron Mak

as delegate for the Auditor-General of Victoria