

**The Barwon Health Foundation Future Fund  
Financial Statements  
Year ended 30 June 2017**

**Barwon Health Foundation Future Fund  
Comprehensive Operating Statement  
For the Year Ended 30 June 2017**

|  | Note | Period ended     |                  |
|--|------|------------------|------------------|
|  |      | 2017<br>\$       | 2016<br>\$       |
| Revenue from operating activities  | 2.1  | 2,197,947        | 2,012,749        |
| Revenue from non-operating activities  | 2.1  | 178,445          | 74,695           |
| Employee expenses  |      | -                | -                |
| Non salary labour costs  |      | -                | -                |
| Supplies and consumables   |      | -                | -                |
| Other expenses   | 3.1  | (127,309)        | (55,433)         |
| Finance Costs - Self Funded Activity   | 3.4  | -                | -                |
| <b>Net result before capital and specific items*</b>                                       |      | <b>2,249,083</b> | <b>2,032,011</b> |
| Capital purpose income   |      | -                | -                |
| Specific income  |      | -                | -                |
| Available-for-sale revaluation surplus gain/(loss) recognised                              |      | -                | -                |
| Reversal of impairment of financial assets   |      | -                | -                |
| Impairment of non-financial assets   |      | -                | -                |
| Impairment of financial assets   |      | -                | -                |
| Depreciation and Amortisation  |      | -                | -                |
| Specific Expenses  |      | -                | -                |
| Finance Costs  |      | -                | -                |
| Assets provided free of charge   |      | -                | -                |
| Expenditure for Capital Purpose  |      | -                | -                |
| Share of net result of associates and joint ventures accounted for using the Equity Method |      | -                | -                |
| <b>Net Result after capital and specific items</b>   |      | <b>2,249,083</b> | <b>2,032,011</b> |
| <b>Other economic flows included in net result</b>   |      |                  |                  |
| Net gain/(loss) on non-financial assets  |      | -                | -                |
| Net gain/(loss) on financial instruments excluding dividends                               |      | 8,513            | (11,505)         |
| Other gains/(losses) from other economic flows   |      | -                | -                |
| Revaluation of Long Service Leave  |      | -                | -                |
| <b>Total other economic flows included in net result</b>                                   |      | <b>8,513</b>     | <b>(11,505)</b>  |
| <b>Net result from continuing operations</b>   |      | <b>2,257,596</b> | <b>2,020,506</b> |
| Net result from discontinued operations  |      | -                | -                |
| <b>NET RESULT FOR THE YEAR</b>   |      | <b>2,257,596</b> | <b>2,020,506</b> |
| <b>Other comprehensive income</b>  |      |                  |                  |
| <b>Items that will not be reclassified to net result</b>                                   |      |                  |                  |
| Changes in physical asset revaluation surplus joint ventures                               |      | -                | -                |
| <b>Items that may be reclassified subsequently to net result</b>                           |      |                  |                  |
| Net fair value gain/(loss) on available-for-sale financial asset                           | 8.1  | 50,064           | 18,605           |
| <b>Total other comprehensive income</b>  |      | <b>50,064</b>    | <b>18,605</b>    |
| <b>Comprehensive result</b>  |      | <b>2,307,660</b> | <b>2,039,111</b> |

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

## Barwon Health Foundation Future Fund

### Balance Sheet

#### As at 30 June 2017

|   | Note | 2017<br>\$       | 2016<br>\$       |
|---|------|------------------|------------------|
| <b>Current assets</b>   |      |                  |                  |
| Cash and cash equivalents   | 6.1  | 749,590          | 224,337          |
| Receivables   | 5.1  | 84,486           | 31,192           |
| Investments and other financial assets  | 4.1  | 3,341,235        | 1,729,781        |
| Inventories   |      | -                | -                |
| Non-financial assets classified as held for sale  |      | -                | -                |
| Financial assets classified as held for sale including disposal of group assets                   |      | -                | -                |
| Prepayments and Other assets  |      | -                | -                |
| <b>Total current assets</b>   |      | <b>4,175,311</b> | <b>1,985,310</b> |
| <b>Non-current assets</b>   |      |                  |                  |
| Receivables   |      | -                | -                |
| Investments and other financial assets  |      | -                | -                |
| Investments accounted for using the equity method   |      | -                | -                |
| Property, plant & equipment   |      | -                | -                |
| Intangible assets   |      | -                | -                |
| Investment properties   |      | -                | -                |
| Non-financial physical assets classified as held for sale including                               |      | -                | -                |
| Other assets  |      | -                | -                |
| <b>Total non-current assets</b>   |      | <b>-</b>         | <b>-</b>         |
| <b>TOTAL ASSETS</b>   |      | <b>4,175,311</b> | <b>1,985,310</b> |
| <b>Current liabilities</b>  |      |                  |                  |
| Payables  | 5.2  | 18,666           | 8,824            |
| Borrowings  |      | -                | -                |
| Provisions  |      | -                | -                |
| Liabilities directly associated with assets classified as held for sale including disposal groups |      | -                | -                |
| Other current liabilities   |      | -                | -                |
| <b>Total current liabilities</b>  |      | <b>18,666</b>    | <b>8,824</b>     |
| <b>Non-current liabilities</b>  |      |                  |                  |
| Payables  |      | -                | -                |
| Borrowings  |      | -                | -                |
| Provisions  |      | -                | -                |
| Other non-current liabilities   |      | -                | -                |
| <b>Total non-current liabilities</b>  |      | <b>-</b>         | <b>-</b>         |
| <b>TOTAL LIABILITIES</b>  |      | <b>18,666</b>    | <b>8,824</b>     |
| <b>NET ASSETS</b>   |      | <b>4,156,645</b> | <b>1,976,486</b> |
| <b>EQUITY</b>   |      |                  |                  |
| Property, plant & equipment revaluation surplus   |      | -                | -                |
| Financial asset available for sale revaluation surplus  | 8.1a | 68,669           | 18,605           |
| General purpose surplus   |      | -                | -                |
| Restricted specific purpose surplus   | 8.1b | 2,027,714        | 234,356          |
| Permanent Endowment   | 8.1c | 1,508,608        | 1,558,608        |
| Accumulated surpluses/(deficits)  | 8.1c | 551,654          | 164,917          |
| <b>TOTAL EQUITY</b>   |      | <b>4,156,645</b> | <b>1,976,486</b> |

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 2017**

|   |             | <b>Financial Asset<br/>Available for Sale<br/>Revaluation<br/>Surplus</b> | <b>Restricted<br/>Specific<br/>Purpose<br/>Surplus</b> | <b>Permanent<br/>Endowment</b> | <b>Accumulated<br/>Surpluses/<br/>(Deficits)</b> | <b>Total</b>     |
|---|-------------|---|--|--------------------------------|--|------------------|
|   | <b>Note</b> | <b>\$</b>   | <b>\$</b>  | <b>\$</b>                      | <b>\$</b>  | <b>\$</b>        |
| <b>Balance at 31 May 2015</b>             |             | -   | -  | -                              | -  | -                |
| Net result for the Period as restated     |             | -   | -  | -                              | 2,020,506  | 2,020,506        |
| Other comprehensive income for the Period | 8.1a        | 18,605  | -  | -                              | -  | 18,605           |
| Transfer to accumulated surplus           | 8.1b, 8.1c  | -   | 271,856  | 1,583,733                      | (1,855,589)                                      | -                |
| Distributions made to Barwon Health       |             | -   | (37,500)   | (25,125)                       | -  | (62,625)         |
| <b>Restated balance at 30 June 2016</b>   |             | <b>18,605</b>   | <b>234,356</b>   | <b>1,558,608</b>               | <b>164,917</b>                                   | <b>1,976,486</b> |
| Net result for the year                   |             | -   | -  | -                              | 2,257,596  | 2,257,596        |
| Other comprehensive income for the year   | 8.1a        | 50,064  | -  | -                              | -  | 50,064           |
| Transfer to accumulated surplus           | 8.1b, 8.1c  | -   | 1,870,858  | -                              | (1,870,858)                                      | -                |
| Distributions made to Barwon Health       |             | -   | (77,500)   | (50,000)                       | -  | (127,500)        |
| <b>Balance at 30 June 2017</b>            |             | <b>68,669</b>   | <b>2,027,714</b>                                       | <b>1,508,608</b>               | <b>551,655</b>                                   | <b>4,156,646</b> |

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

**Barwon Health Foundation Future Fund**  
**Cash Flow Statement**  
**For the Year Ended 30 June 2017**

|  |      | Period ended       |                    |
|--|------|--------------------|--------------------|
|  | Note | 2017<br>\$         | 2016<br>\$         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |      |                    |                    |
| Donations and bequests received                                  |      | 2,197,947          | 2,012,749          |
| GST received from/(paid to) ATO                                  |      | 462                | 2,573              |
| Interest and Dividends received                                  |      | 122,429            | 39,232             |
| Other receipts   |      | -                  | -                  |
| <b>Total receipts</b>  |      | <b>2,320,838</b>   | <b>2,054,554</b>   |
| Payments for supplies & consumables                              |      | (118,290)          | (52,091)           |
| Other payments   |      | -                  | (62,625)           |
| <b>Total payments</b>  |      | <b>(118,290)</b>   | <b>(114,716)</b>   |
| <b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>         | 8.3  | <b>2,202,548</b>   | <b>1,939,838</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |      |                    |                    |
| Purchase of investments  |      | (2,204,679)        | (2,020,819)        |
| Proceeds from sale of investments                                |      | 654,884            | 305,318            |
| Other ( <i>disclose major items</i> )                            |      | -                  | -                  |
| <b>NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>         |      | <b>(1,549,795)</b> | <b>(1,715,501)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |      |                    |                    |
| Distributions paid   |      | (127,500)          | -                  |
| <b>NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>         |      | <b>(127,500)</b>   | <b>-</b>           |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b> |      | <b>525,253</b>     | <b>224,337</b>     |
| Cash and cash equivalents at beginning of financial year         |      | <b>224,337</b>     | <b>-</b>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>        | 6.1  | <b>749,590</b>     | <b>224,337</b>     |

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

# **Barwon Health Foundation Future Fund 2017 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 10<sup>th</sup> August 2017

### **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 2017. 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 Foundation.

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 2017 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  
2017 Annual Report  
Note 1: Summary of significant accounting policies  
(continued)**

**d) New accounting standards and interpretations**

| <b>Standard / Interpretation</b>                                   | <b>Summary</b>   | <b>Applicable for Annual Reporting periods beginning on</b> | <b>Impact on Barwon Health Foundation Future Fund Financial Statements</b>   |
|--|--|---|--|
| <b>AASB 9 Financial Instruments</b>                                | 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. | <b>1 Jan 2018</b>   | 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.<br><br>The amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |
| <b>AASB 15 Revenue from Contracts with Customers</b>               | 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.   | <b>1 Jan 2018</b>   | 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.     |
| <b>AASB 2016-7 Amendments to Australian Accounting Standards –</b> | <b>The Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1</b>  | <b>1 Jan 2019</b>   | <b>The amending standard will defer the applications period of AASB 15 for not-for-profit entities</b>   |



# Barwon Health Foundation Future Fund 2017 Annual Report

## Note 1: Summary of significant accounting policies (continued)

|   |   |                          |   |
|---|---|--------------------------|---|
| <p>Deferral of AASB 15 for Not-for-Profit Entities.</p> | <p><b>January 2018 to 1 January 2019</b></p>  |                          | <p><b>to the 2019-20 reporting period. 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.</b></p>   |
| <p>AASB 1058 Income of Not-for-Profit Entities</p>      | <p><b>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.</b></p> | <p><b>1 Jan 2019</b></p> | <p><b>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.</b></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*

## Note 2.1: Analysis of Revenue by Source

|  | 2017<br>\$       | Period ended<br>2016<br>\$ |
|--|------------------|----------------------------|
| Bequests   | 1,940,947        | 327,016                    |
| Individual Donations   | 167,000          | 17,000                     |
| Corporate Donations  | -                | 75,000                     |
| Seeding Funding - Barwon Health                                | -                | 1,573,733                  |
| Trusts and Foundations   | 90,000           | 20,000                     |
| <b>Total Revenue from Operating Activities</b>                 | <b>2,197,947</b> | <b>2,012,749</b>           |
| Franking credit refund   | 21,722           | 10,260                     |
| Interest   | 37,881           | 17,494                     |
| Dividends  | 117,205          | 46,032                     |
| Foreign Income   | 1,637            | 909                        |
| <b>Total Revenue from Non-Operating Activities</b>             | <b>178,445</b>   | <b>74,695</b>              |
| Available-for-Sale Revaluation Surplus gain/ (loss) recognised | 8,513            | (11,505)                   |
| <b>Total Revenue</b>   | <b>2,384,905</b> | <b>2,075,939</b>           |

### **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 on a receivable basis.

### **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

|  | 2017<br>\$     | Period ended<br>2016<br>\$ |
|--|----------------|----------------------------|
| <b>Other expenses from continuing operations</b> |                |                            |
| Other Operating Expenses                         |                |                            |
| Advertising expenditure                          | 1,275          | -                          |
| Event expenses                                   | 11,431         | 10,512                     |
| Investment fees                                  | 10,675         | 2,728                      |
| Other administrative expenses                    | 96,828         | 35,193                     |
| Audit fees                                       | 7,100          | 7,000                      |
| <b>Total other expenses</b>                      | <b>127,309</b> | <b>55,433</b>              |
| <b>Total Expenses</b>                            | <b>127,309</b> | <b>55,433</b>              |

**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

|  | 2017<br>\$       | 2016<br>\$       |
|--|------------------|------------------|
| <b>CURRENT</b>   |                  |                  |
| <b>Available for sale at Fair Value through Equity</b> |                  |                  |
| <i>Equities and managed funds - at fair value</i>      |                  |                  |
| Fixed Interest - Domestic                              | 1,050,050        | 603,162          |
| Equities - Domestic                                    | 1,726,274        | 775,593          |
| Equities - International                               | 413,861          | 87,602           |
| Managed Funds International                            | 151,050          | 263,424          |
| <b>Total Current</b>                                   | 3,341,235        | 1,729,781        |
| <b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>    | <b>3,341,235</b> | <b>1,729,781</b> |

### 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:

- Loans and receivables and;
- 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

|                                  | 2017<br>\$    | Period<br>ended<br>2016<br>\$ |
|----------------------------------|---------------|-------------------------------|
| <b>CURRENT</b>                   |               |                               |
| <b>Contractual</b>               |               |                               |
| Accrued Investment Income        | 59,540        | 17,493                        |
| Accrued franking credit refund   | 21,676        | 10,789                        |
|                                  | <b>81,216</b> | <b>28,282</b>                 |
| <b>Statutory</b>                 |               |                               |
| GST Receivable                   | 3,270         | 2,910                         |
|                                  | <b>3,270</b>  | <b>2,910</b>                  |
| <b>TOTAL CURRENT RECEIVABLES</b> | <b>84,486</b> | <b>31,192</b>                 |
| <b>TOTAL RECEIVABLES</b>         | <b>84,486</b> | <b>31,192</b>                 |

**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

|                       | 2017          | 2016         |
|-----------------------|---------------|--------------|
|                       | \$            | \$           |
| <b>CURRENT</b>        |               |              |
| <b>Contractual</b>    |               |              |
| Trade Creditors       | 18,666        | 8,824        |
|                       | <b>18,666</b> | <b>8,824</b> |
| <b>TOTAL CURRENT</b>  | <b>18,666</b> | <b>8,824</b> |
| <b>TOTAL PAYABLES</b> | <b>18,666</b> | <b>8,824</b> |

### **Note: Receivables Policy**

#### **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**

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.

|  | <b>2017</b>    | <b>2016</b>    |
|--|----------------|----------------|
|  | <b>\$</b>      | <b>\$</b>      |
| Cash on hand                           | -              | -              |
| Cash at bank                           | 749,590        | 224,337        |
| <b>Total Cash and Cash Equivalents</b> | <b>749,590</b> | <b>224,337</b> |
|  |                |                |
| <b>Total Cash and Cash Equivalents</b> | <b>749,590</b> | <b>224,337</b> |

## **Note 7.1: Financial Instruments**

### **Financial risk management objectives and policies**

*The Foundation's 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 Foundation's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk . The Foundation manages these financial risks in accordance with its financial risk management policy.

The Foundation 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 Foundation.

The main purpose in holding financial instruments is to prudentially manage the Foundation'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/liabilities designated at fair value through profit/loss | Contractual financial assets/liabilities held-for-trading at fair value through profit/loss | Contractual financial assets - loans and receivables | Contractual financial assets - available for sale | Contractual financial liabilities at amortised cost | Total            |
|--|---|---|--|---|---|------------------|
| 2017   | \$  | \$  | \$   | \$  | \$  | \$               |
| <b>Contractual Financial Assets</b>                |   |   |  |   |   |                  |
| Cash and cash equivalents                          | -   | -   | 749,590  | -   | -   | 749,590          |
| Other Financial Assets - receivables               | -   | -   | 81,216   | -   | -   | 81,216           |
| - Available for sale financial assets              | -   | -   | -  | 3,341,235   | -   | 3,341,235        |
| <b>Total Financial Assets <sup>(i)</sup></b>       | <b>-</b>  | <b>-</b>  | <b>830,806</b>                                       | <b>3,341,235</b>                                  | <b>-</b>  | <b>4,172,041</b> |
| <b>Financial Liabilities</b>                       |   |   |  |   |   |                  |
| Payables   | -   | -   | -  | -   | 18,666  | 18,666           |
| <b>Total Financial Liabilities <sup>(ii)</sup></b> | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>  | <b>18,666</b>                                       | <b>18,666</b>    |

|  | Contractual financial assets/liabilities designated at fair value through profit/loss | Contractual financial assets/liabilities held-for-trading at fair value through profit/loss | Contractual financial assets - loans and receivables | Contractual financial assets - available for sale | Contractual financial liabilities at amortised cost | Total            |
|--|---|---|--|---|---|------------------|
| Period ended 2016                                  | \$  | \$  | \$   | \$  | \$  | \$               |
| <b>Contractual Financial Assets</b>                |   |   |  |   |   |                  |
| Cash and cash equivalents                          | -   | -   | 224,337  | -   | -   | 224,337          |
| Receivables  | -   | -   | 28,282   | -   | -   | 28,282           |
| Other Financial Assets                             | -   | -   | -  | -   | -   | -                |
| - Available for sale financial assets              | -   | -   | -  | 1,729,781   | -   | 1,729,781        |
| <b>Total Financial Assets <sup>(i)</sup></b>       | <b>-</b>  | <b>-</b>  | <b>252,619</b>                                       | <b>1,729,781</b>                                  | <b>-</b>  | <b>1,982,400</b> |
| <b>Financial Liabilities</b>                       |   |   |  |   |   |                  |
| Payables   | -   | -   | -  | -   | 8,824   | 8,824            |
| <b>Total Financial Liabilities <sup>(ii)</sup></b> | <b>-</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>  | <b>8,824</b>  | <b>8,824</b>     |

(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<br>gain/(loss)<br>\$ | Total interest<br>income /<br>(expense)<br>\$ | Fee income<br>/ (expense)<br>\$ | Impairment<br>loss<br>\$ | Total<br>\$   |
|--|----------------------------------|---|---------------------------------|--------------------------|---------------|
| <b>2017</b>                                |                                  |   |                                 |                          |               |
| <b>Financial Assets</b>                    |                                  |   |                                 |                          |               |
| Cash and Cash Equivalents <sup>(i)</sup>   | -                                | -   | -                               | -                        | -             |
| Loans and Receivables <sup>(i)</sup>       | -                                | -   | -                               | -                        | -             |
| Available for Sale <sup>(i)</sup>          | 50,064                           | 37,881  | - 10,675                        | -                        | 77,270        |
| <b>Total Financial Assets</b>              | <b>50,064</b>                    | <b>37,881</b>                                 | <b>- 10,675</b>                 | <b>-</b>                 | <b>77,270</b> |
| <b>Financial Liabilities</b>               |                                  |   |                                 |                          |               |
| Payables At Amortised Cost <sup>(ii)</sup> | -                                | -   | -                               | -                        | -             |
| <b>Total Financial Liabilities</b>         | <b>-</b>                         | <b>-</b>                                      | <b>-</b>                        | <b>-</b>                 | <b>-</b>      |
| <b>2016</b>                                |                                  |   |                                 |                          |               |
| <b>Financial Assets</b>                    |                                  |   |                                 |                          |               |
| Cash and Cash Equivalents <sup>(i)</sup>   | -                                | -   | -                               | -                        | -             |
| Loans and Receivables <sup>(i)</sup>       | -                                | -   | -                               | -                        | -             |
| Available for Sale <sup>(i)</sup>          | 18,605                           | 17,494  | -                               | -                        | 36,099        |
| <b>Total Financial Assets</b>              | <b>18,605</b>                    | <b>17,494</b>                                 | <b>-</b>                        | <b>-</b>                 | <b>36,099</b> |
| <b>Financial Liabilities</b>               |                                  |   |                                 |                          |               |
| Payables At Amortised Cost <sup>(ii)</sup> | -                                | -   | -                               | -                        | -             |
| <b>Total Financial Liabilities</b>         | <b>-</b>                         | <b>-</b>                                      | <b>-</b>                        | <b>-</b>                 | <b>-</b>      |

(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)

### (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<br>(AA credit rating) | Government<br>agencies<br>(AA credit<br>rating) | Total            |
|----------------------------------|--|---|------------------|
|                                  | \$   | \$  | \$               |
| <b>2017</b>                      |  |   |                  |
| <b>Financial Assets</b>          |  |   |                  |
| <i>Cash and Cash Equivalents</i> | 749,590                                      | -   | 749,590          |
| <i>Loans and Receivables</i>     |  |   |                  |
| - Other Receivables (i)          | 59,540                                       | 21,676  | 81,216           |
| <i>Available for sale</i>        |  |   |                  |
| - Shares in Other Entities       | 3,341,235                                    | -   | 3,341,235        |
| <b>Total Financial Assets</b>    | <b>4,150,365</b>                             | <b>21,676</b>                                   | <b>4,172,041</b> |
| <b>2016</b>                      |  |   |                  |
| <b>Financial Assets</b>          |  |   |                  |
| <i>Cash and Cash Equivalents</i> | 224,337                                      | -   | 224,337          |
| <i>Loans and Receivables</i>     |  |   |                  |
| - Other Receivables              | 28,282                                       | -   | 28,282           |
| <i>Available for sale</i>        |  |   |                  |
| - Shares in Other Entities       | 1,729,781                                    | -   | 1,729,781        |
| <b>Total Financial Assets</b>    | <b>1,982,400</b>                             | <b>-</b>  | <b>1,982,400</b> |

(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 |                           |
| <b>2017</b>                      | \$                       | \$                            | \$                        | \$           | \$                | \$                        |
| <b>Financial Assets</b>          |                          |                               |                           |              |                   |                           |
| <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>        |                          |                               |                           |              |                   |                           |
| - Shares in Other Entities       | 3,341,235                | 3,341,235                     | -                         | -            | -                 | -                         |
| <b>Total Financial Assets</b>    | <b>4,172,041</b>         | <b>4,112,501</b>              | <b>56,783</b>             | <b>2,757</b> | -                 | -                         |
| <b>2016</b>                      |                          |                               |                           |              |                   |                           |
| <b>Financial Assets</b>          |                          |                               |                           |              |                   |                           |
| <i>Cash and Cash Equivalents</i> | 224,337                  | 224,337                       | -                         | -            | -                 | -                         |
| <i>Loans and Receivables</i>     |                          |                               |                           |              |                   |                           |
| - Trade Debtors                  | -                        | -                             | -                         | -            | -                 | -                         |
| - Other Receivables              | 28,282                   | 28,282                        | -                         | -            | -                 | -                         |
| - Term Deposit                   | -                        | -                             | -                         | -            | -                 | -                         |
| <i>Available for sale</i>        |                          |                               |                           |              |                   |                           |
| Equities and Managed Fund:       | 1,729,781                | 1,729,781                     | -                         | -            | -                 | -                         |
| <b>Total Financial Assets</b>    | <b>1,982,400</b>         | <b>1,982,400</b>              | -                         | -            | -                 | -                         |

(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 |
|                                    | \$              | \$             | \$                | \$           | \$                | \$        |
| <b>2017</b>                        |                 |                |                   |              |                   |           |
| <b>Financial Liabilities</b>       |                 |                |                   |              |                   |           |
| <i>At amortised cost</i>           |                 |                |                   |              |                   |           |
| Payables                           | 18,666          | 18,666         | 15,391            | 3,275        | -                 | -         |
| <b>Total Financial Liabilities</b> | <b>18,666</b>   | <b>18,666</b>  | <b>15,391</b>     | <b>3,275</b> | <b>-</b>          | <b>-</b>  |
| <b>2016</b>                        |                 |                |                   |              |                   |           |
| <b>Financial Liabilities</b>       |                 |                |                   |              |                   |           |
| <i>At amortised cost</i>           |                 |                |                   |              |                   |           |
| Payables                           | 8,824           | 8,824          | 8,824             | -            | -                 | -         |
| <b>Total Financial Liabilities</b> | <b>8,824</b>    | <b>8,824</b>   | <b>8,824</b>      | <b>-</b>     | <b>-</b>          | <b>-</b>  |

## **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<br>\$'000 | Interest Rate Exposure        |                                  |                                |
|---|--|---------------------------|-------------------------------|----------------------------------|--------------------------------|
|   |  |                           | Fixed Interest Rate<br>\$'000 | Variable Interest Rate<br>\$'000 | Non-Interest Bearing<br>\$'000 |
| <b>2017</b>                                 |  |                           |                               |                                  |                                |
| <b>Financial Assets</b>                     |  |                           |                               |                                  |                                |
| <i>Cash and Cash Equivalents</i>            | 1.26%  | 749,590                   | -                             | 559,469                          | 190,121                        |
| <i>Loans and Receivables <sup>(i)</sup></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                      |
|   |  | <b>4,172,041</b>          | <b>1,050,050</b>              | <b>559,469</b>                   | <b>2,562,522</b>               |
| <b>Financial Liabilities</b>                |  |                           |                               |                                  |                                |
| <i>At amortised cost</i>                    |  |                           |                               |                                  |                                |
| Payables <sup>(i)</sup>                     | N/A  | 18,666                    | -                             | -                                | 18,666                         |
|   |  | <b>18,666</b>             | <b>-</b>                      | <b>-</b>                         | <b>18,666</b>                  |
| <b>2016</b>                                 |  |                           |                               |                                  |                                |
| <b>Financial Assets</b>                     |  |                           |                               |                                  |                                |
| <i>Cash and Cash Equivalents</i>            | 1.17%  | 224,337                   | -                             | 105,730                          | 118,607                        |
| <i>Loans and Receivables <sup>(i)</sup></i> |  |                           |                               |                                  |                                |
| - Other Receivables                         | 0  | 28,282                    | -                             | -                                | 28,282                         |
| <i>Available for sale</i>                   |  |                           |                               |                                  |                                |
| Equities and Managed Funds                  | 4.18%  | 1,729,781                 | 178,600                       | 425,362                          | 1,125,819                      |
|   |  | <b>1,982,400</b>          | <b>178,600</b>                | <b>531,092</b>                   | <b>1,272,708</b>               |
| <b>Financial Liabilities</b>                |  |                           |                               |                                  |                                |
| <i>At amortised cost</i>                    |  |                           |                               |                                  |                                |
| Payables <sup>(i)</sup>                     | N/A  | 8,824                     | -                             | -                                | 8,824                          |
|   |  | <b>8,824</b>              | <b>-</b>                      | <b>-</b>                         | <b>8,824</b>                   |

(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 xx%;
- A parallel shift of +R% and -R% in inflation rate from year-end rates of xx%
- A movement of 15% up and down (2016: 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         |
|                              |                 | \$                 | \$             | \$           | \$           | \$               | \$               | \$       | \$             |
| <b>2017</b>                  |                 |                    |                |              |              |                  |                  |          |                |
| <b>Financial Assets</b>      |                 |                    |                |              |              |                  |                  |          |                |
| Cash and Cash Equivalents    | 749,590         | (1,399)            | (1,399)        | 2,797        | 2,797        | -                | -                | -        | -              |
| Loans and Receivables        |                 |                    |                |              |              |                  |                  |          |                |
| - Other Receivables          | 81,216          | -                  | -              | -            | -            | -                | -                | -        | -              |
| Available for sale           |                 |                    |                |              |              |                  |                  |          |                |
| - Shares in Other Entities   | 3,341,235       | -                  | -              | -            | -            | -                | -                | -        | -              |
| <b>Financial Liabilities</b> |                 |                    |                |              |              |                  |                  |          |                |
| At amortised cost            |                 |                    |                |              |              |                  |                  |          |                |
| Payables                     | 18,666          | -                  | -              | -            | -            | -                | -                | -        | -              |
|                              |                 | <b>(1,399)</b>     | <b>(1,399)</b> | <b>2,797</b> | <b>2,797</b> | <b>-</b>         | <b>-</b>         | <b>-</b> | <b>-</b>       |
| <b>2016</b>                  |                 |                    |                |              |              |                  |                  |          |                |
| <b>Financial Assets</b>      |                 |                    |                |              |              |                  |                  |          |                |
| Cash and Cash Equivalents    | 224,337         | (264)              | (264)          | 528          | 528          | -                | -                | -        | -              |
| Loans and Receivables        |                 |                    |                |              |              |                  |                  |          |                |
| - Other Receivables          | 28,282          | -                  | -              | -            | -            | -                | -                | -        | -              |
| Available for sale           |                 |                    |                |              |              |                  |                  |          |                |
| Equities and Managed Funds   | 1,729,781       | (1,063)            | (1,063)        | 2,127        | 2,127        | -                | (135,098)        | -        | 135,098        |
| <b>Financial Liabilities</b> |                 |                    |                |              |              |                  |                  |          |                |
| At amortised cost            |                 |                    |                |              |              |                  |                  |          |                |
| Payables                     | 8,824           | -                  | -              | -            | -            | -                | -                | -        | -              |
|                              |                 | <b>(1,327)</b>     | <b>(1,327)</b> | <b>2,655</b> | <b>2,655</b> | <b>-</b>         | <b>(135,098)</b> | <b>-</b> | <b>135,098</b> |



## 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<br>Carrying<br>Amount | Fair value       | Consol'd<br>Carrying<br>Amount | Fair value       |
|---|--------------------------------|------------------|--------------------------------|------------------|
|   | 2017<br>\$                     | 2017<br>\$       | 2016<br>\$                     | 2016<br>\$       |
| <b>Financial Assets</b>                     |                                |                  |                                |                  |
| <i>Cash and Cash Equivalents</i>            | 749,590                        | 749,590          | 224,337                        | 224,337          |
| <i>Loans and Receivables <sup>(i)</sup></i> |                                | -                |                                |                  |
| - Trade Debtors                             | -                              | -                | -                              | -                |
| - Other Receivables                         | 81,216                         | 81,216           | 28,282                         | 28,282           |
| - Term Deposit                              | -                              | -                | -                              | -                |
| <i>Available for sale</i>                   |                                |                  |                                |                  |
| Equities and managed funds                  | 3,341,235                      | 3,341,235        | 1,729,781                      | 1,729,781        |
| <b>Total Financial Assets</b>               | <b>4,172,041</b>               | <b>4,172,041</b> | <b>1,982,400</b>               | <b>1,982,400</b> |
| <b>Financial Liabilities</b>                |                                |                  |                                |                  |
| <i>At amortised cost</i>                    |                                |                  |                                |                  |
| Payables                                    | 18,666                         | 18,666           | 8,824                          | 8,824            |
| Borrowings                                  | -                              | -                | -                              | -                |
| Other Financial Liabilities <sup>(i)</sup>  | -                              | -                | -                              | -                |
| - Accommodation Bonds                       | -                              | -                | -                              | -                |
| - Other                                     | -                              | -                | -                              | -                |
| <b>Total Financial Liabilities</b>          | <b>18,666</b>                  | <b>18,666</b>    | <b>8,824</b>                   | <b>8,824</b>     |

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

## Note 24: Financial Instruments (continued)

### (f) Fair value (continued)

#### Financial assets measured at fair value

|  | Carrying<br>Amount as at<br>30 June | Fair value measurement at end of<br>reporting period using: |          |         |
|--|-------------------------------------|---|----------|---------|
|  |                                     | Level 1*  | Level 2* | Level 3 |
|  | \$                                  | \$  | \$       | \$      |
| <b>2017</b>  |                                     |   |          |         |
| <b>Financial assets at fair value<br/>through profit or loss</b> |                                     |   |          |         |
| Debt securities  | -                                   | -   | -        | -       |
| Available for sale securities                                    |                                     |   |          |         |
| Listed securities  | -                                   | -   | -        | -       |
| Unlisted securities  | -                                   | -   | -        | -       |
| - Equities and managed funds                                     | 3,341,235                           | 3,341,235   | -        | -       |
| <b>Total Financial Assets</b>                                    | <b>3,341,235</b>                    | <b>3,341,235</b>  | -        | -       |
| <b>2016</b>  |                                     |   |          |         |
| <b>Financial assets at fair value<br/>through profit or loss</b> |                                     |   |          |         |
| Debt securities  | -                                   | -   | -        | -       |
| Available for sale securities                                    |                                     |   |          |         |
| Listed securities  | -                                   | -   | -        | -       |
| Unlisted securities  | -                                   | -   | -        | -       |
| - Equities and managed funds                                     | 1,729,781                           | 1,729,781   | -        | -       |
| <b>Total Financial Assets</b>                                    | <b>1,729,781</b>                    | <b>1,729,781</b>  | -        | -       |

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

## Note 8.1: Equity

|   | 2017<br>\$       | Period e'd<br>2016<br>\$ |
|---|------------------|--------------------------|
| <b>(a) Other comprehensive income for the year</b>            |                  |                          |
| Balance at the beginning of the reporting period              | 18,605           | -                        |
| Financial Asset Available for Sale Revaluation Surplus        | 50,064           | 18,605                   |
| <b>Balance at the end of the reporting period</b>             | <b>68669</b>     | <b>18605</b>             |
| <b>(b) Permanent Endowment</b>                                |                  |                          |
| Balance at the beginning of the reporting period              | 1,558,608        | -                        |
| Transfer to and from Restricted Specific Purpose Surplus      | -                | 1,583,733                |
| Distribution made to Barwon Health                            | (50,000)         | (25,125)                 |
| Share of increments in Surplus Attributable to Joint Ventures | -                | -                        |
| <b>Balance at the end of the reporting period</b>             | <b>1,508,608</b> | <b>1,558,608</b>         |
| <b>Restricted Specific Purpose Surplus</b>                    |                  |                          |
| Balance at the beginning of the reporting period              | 234,356          | -                        |
| Transfer (to)/from accumulated surplus                        | 1,870,858        | 271,856                  |
| Distributions made to Barwon Health                           | (77,500)         | (37,500)                 |
| <b>Balance at the end of the reporting period</b>             | <b>2,027,714</b> | <b>234,356</b>           |
| <b>(c) Accumulated Surpluses/(Deficits)</b>                   |                  |                          |
| Balance at the beginning of the reporting period              | 164,917          | -                        |
| Net Result for the Year                                       | 2,257,596        | 2,020,506                |
| Transfers to and from Surplus                                 | (1,870,858)      | (1,855,589)              |
| Adjustments Resulting from correction of errors               | -                | -                        |
| <b>Balance at the end of the reporting period</b>             | <b>551,655</b>   | <b>164,917</b>           |
| <b>Total Equity at end of financial year</b>                  | <b>4,156,645</b> | <b>1,976,486</b>         |

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

|  | <b>2017</b><br>\$ | <b>Period e'd</b><br><b>2016</b><br>\$ |
|--|-------------------|--|
| <b>Net result for the period</b>                           | 2,257,596         | 2,020,506                              |
| <b>Non-cash movements:</b>                                 |                   |  |
| (Gain)/ Loss on Sale of Investments                        | (8,513)           | -                                      |
| <b>Movements in assets and liabilities:</b>                |                   |  |
| Change in operating assets and liabilities                 |                   |  |
| (Increase)/decrease in receivables                         | (53,294)          | (31,192)                               |
| (Increase)/decrease in other assets                        | -                 | -                                      |
| Increase/(decrease) in payables                            | 9,842             | 8,824                                  |
| Distributions made to Barwon Health                        | -                 | (62,625)                               |
| <b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b> | <b>2,205,631</b>  | <b>1,935,513</b>                       |

## 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 Anthony Stekelenburg  
 Director 3: John Alexander Miles  
 Director 4: Raymond George Frost  
 Director 5: Robert Costa  
 Director 6: Maria Hamilton  
 Director 7: Peter Julian Serra  
 Director 8: Marcus James Dripps  
 Director 9: Brian Carlyle Cook  
 Director 10: Claire Barber  
 Director 11 : Lloyd Stanley Gosling  
 Director 12 : Kylie Steel  
 Director 13: Rory Costelloe

| Period                |
|-----------------------|
| 1/7/2016 - 30/6/2017  |
| 1/7/2016 - 30/6/2017  |
| 1/7/2016 - 30/6/2017  |
| 1/7/2016 - 30/6/2017  |
| 1/7/2016 - 30/6/2017  |
| 1/7/2016 - 30/6/2017  |
| 1/7/2016 -30/6/2017   |
| 1/7/2016 - 26/11/2016 |
| 1/7/2016 -30/6/2017   |
| 1/7/2016 - 15/12/2016 |
| 1/7/2016 - 15/12/2016 |
| 6/4/2017-30/6/2017    |
| 6/4/2017-30/6/2017    |
| 1/7/2016 - 30/6/2017  |

### Accountable Officer

Jill Lorraine Moodie, Executive Director

**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:**

| 2017 | 2016 |
|------|------|
|      | \$   |
| 14   | 12   |
| 14   | 12   |
| 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 2 and 8 were also Directors of Barwon Health during the year ending 30 June 2017

## Note 8.5: Related party transactions

During the year \$127,500 of distributions was paid to Barwon Health, and \$0 of donations were received from Barwon Health

Donations received by the Future Funds from its responsible persons or their related parties is \$110,000.

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

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

**Note 8.6 Remuneration of auditors**

| (\$)                                      | 2017 | 2016 |
|---|------|------|
| <b>Victorian Auditor-General's Office</b> |      |      |
| Audit of financial statement              | 7100 | 7000 |
|   |      |      |

## **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 Ltd*

283 Ryrie Street  
Geelong, VIC 3220

PO Box 281  
Geelong, VIC 3220

T 4215 8900  
F 4215 8936

Barwon Health Future Fund Ltd  
ABN 15 602 177 328

**Future Fund Directors**

- Dan Simmonds (Chair)
- Brian Cook
- Robert Costa
- Rory Costelloe
- Ray Frost
- Maria Hamilton
- John Miles
- Peter Serra
- Kylie Steel
- Dr John Stekelenburg

**DIRECTORS' DECLARATION**

1. In the opinion of the Directors of the Barwon Health Foundation Future Fund Limited:

a. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and Corporations Regulations 2001, including:

- (i) giving a true and fair view of the financial position of the Company as at 30 June 2017 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and Corporations Regulations 2001; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Geelong this 10<sup>th</sup> day of August

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

(Director) ..... ROBERT COSTA

(Director) ..... DAN SIMMONDS



Thursday 10th August 2017

Charlotte Jeffries  
Director, Financial Audit  
Victorian Auditor-General's Office

Via email: [charlotte.jeffries@audit.vic.gov.au](mailto:charlotte.jeffries@audit.vic.gov.au)

Dear Ms Jeffries

**Representations by the Executive Director in relation to the financial report of Barwon Health Foundation Future Fund Ltd for the year ended 30 June 2017**

We are providing this representation letter in connection with your audit of the financial report of Barwon Health Foundation Future Fund Ltd for the year ended 30 June 2017. The audit is undertaken for the purpose of you being able to obtain sufficient and appropriate audit evidence on which to express an opinion as to whether the financial report provides a true and fair view in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*.

We confirm that, to the best of our knowledge and belief, the representations we make below are based on information available to us, having made such enquiries as we considered necessary to appropriately inform ourselves on these matters.

**Preparation of the financial report**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 12 February 2016, for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of *Australian Charities and Not-for-Profits Commission Act 2012*.

1. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.
3. Proper accounts and records of the transactions and affairs of the entity and such other records as sufficiently explain the financial operations and financial position of the entity have been kept in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, where applicable.
4. The effects of uncorrected misstatements are immaterial, both individual and in the aggregate, to the financial report as a whole. A list of all uncorrected misstatements is attached to the Closing Report.

**Access to information**

5. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
  - b. any additional information that you have requested from us for the purpose of the audit



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**Future Fund Directors**

Dan Simmonds (Chair)  
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Robert Costa  
Rory Costelloe  
Ray Frost  
Maria Hamilton  
John Miles  
Peter Serra  
Kylie Steel  
Dr John Stekelenburg

<sup>1</sup> ASA 580 Written Representations, paragraph 11(b)

- c. unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence<sup>2</sup>

#### Controlled entities

6. We have undertaken a control assessment using the criteria outlined in AASB 10 *Consolidated Financial Statements*. Our assessment has not identified any controlled or jointly controlled entities that require consolidation.

#### Joint arrangements

7. We have undertaken an assessment of our contractual arrangements to determine whether they are joint arrangements as per the requirements of AASB 11 *Joint Arrangements*. Our assessment has not identified any joint arrangements that require disclosure.

#### Fraud disclosure

8. We are not aware of any actual or suspected fraud affecting Barwon Health Foundation Future Fund Ltd that involves:
- management
  - employees who have significant roles in internal control or
  - others where the fraud could have a material effect on the financial report.<sup>3</sup>
9. We are not aware of any allegations of fraud, or suspected fraud, affecting Barwon Health Foundation Future Fund Ltd's financial report communicated by employees, former employees, analysts, regulators or others.<sup>4</sup>

#### Internal control

10. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and/or error.<sup>5</sup> We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control of which we are aware.

#### Legal

11. There are no known or suspected instances of non-compliance with laws or regulations whose effects should be considered when preparing the financial report.
12. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
13. The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
14. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
15. Barwon Health Foundation Future Fund Ltd has been properly managed in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*.
16. We have complied with, in all material respects, the requirements of *Australian Charities and Not-for-Profits Commission Act 2012* for the establishment and keeping of relevant accounts, registers and other appropriate records.

<sup>2</sup> ASA 580.11(a)/ASA 210 Agreeing the Terms of Audit Engagements, paragraph 6

<sup>3</sup> ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report, paragraph 39(c)

<sup>4</sup> ASA 240.39(d)

<sup>5</sup> ASA 240.39(b)



## Accounting estimates

17. We believe that the significant assumptions and judgements we have used in making accounting estimates for inclusion in the financial report are reasonable, \ appropriately supported and, where required, disclosed.<sup>6</sup>

## Financial statement disclosures

18. The financial report discloses all significant accounting policies used in the preparation of the financial report. We considered the substance of the underlying transactions as well as their legal form in selecting the appropriate accounting policies and related disclosures for the financial report.

## Asset and liability fair values (including property, plant and equipment)

19. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate based on the nature and purpose of the asset/liability. These have been consistently applied and appropriately disclosed in the financial report.  
In addition, we have considered the requirements of AASB 13 *Fair Value Measurement* relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use.  
Further, we confirm that the assumptions used by us in the categorisation of observable and un-observable inputs within the fair value valuation hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
20. We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
21. Asset useful lives have been reviewed and we are satisfied that they reflect the assets' expected period of use.
22. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.

## Related parties and key management personnel

23. We have determined who are the key management personnel of Barwon Health Foundation Future Fund Ltd in accordance with AASB 124 Related Parties and we are satisfied that our assessment is completed and appropriate.
24. We are satisfied that the compensation paid to key management personnel has been properly reported in note 10 to the financial statements in accordance with AASB 124 Related Parties, and includes all required components of compensation.
25. We have identified and appropriately disclosed all significant transactions with government-related entities in accordance with AASB 124 *Related Parties*.
26. We have disclosed to you the identity of all non-government related parties (including any controlled entities), related party relationships and transactions of which we are aware. We have assessed these transactions to not be material to the financial statements and therefore not required to be disclosed in the financial report under AASB 124 Related Parties.

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<sup>6</sup> ASA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures, paragraph 22

## Responsible persons and executive officer disclosures

27. We have disclosed all persons who held the positions of Ministers and Accountable Officers (the responsible persons) for Barwon Health Foundation Future Fund Ltd during the year, including all remuneration received/receivable by the Accountable Officers.
28. We have disclosed the remuneration of all executive officers as per the requirements of FRD 21C Disclosures of responsible persons and executive officers. This includes all short-term, post-employment, other long-term benefits and any termination benefits.

## Future plans

29. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
30. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

## Going concern

31. We have assessed the fund's ability to continue as a going concern and believe there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

## Subsequent events

32. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

## Publication of the financial report

33. With respect to publication of the financial report in hard copy, we will ensure that:
  - a. the financial report accurately reflects the audited financial report and
  - b. the independent auditor's report has been reproduced accurately and in full.
34. The electronic presentation of the financial report is our responsibility. Our responsibility includes ensuring that the electronic version of the financial report and the independent auditor's report presented on the website are the same as the final signed version of the financial report and independent auditor's report.
35. The Annual Report may include additional financial and/or non-financial information other than the financial report and the independent auditor's report (referred to as 'other information'). With respect to other information that is included in the fund's Annual Report, we have informed you of all the sections/separate documents that we expect to issue that may comprise other information. With regard to any other information that we have not provided to you prior to the date of the auditor's report, that we intend to prepare and issue such other information and will provide it to you to enable you to complete your required procedures.

## Conclusion

We understand that your examination was made in accordance with the *Audit Act 1994* and Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an audit opinion on the financial report of the fund taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

This letter is provided for and on behalf of Barwon Health Foundation Future Fund Ltd.

Yours sincerely



Jill Moodie  
Executive Director  
10th August 2017



## Independent Auditor's Report

### To the Directors of Barwon Health Foundation Future Fund Limited

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|   |  |
|---|--|
| <b>Opinion</b>  | <p>I have audited the financial report of Barwon Health Foundation Future Fund Limited (the company) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2017</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• statement of cash flow for the year then ended</li><li>• notes to the financial statements, including a summary of significant accounting policies</li><li>• director's declaration.</li></ul> <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"><li>• giving a true and fair view of the financial position of the company as at 30 June 2017 and its financial performance and cash flows for the year then ended</li><li>• complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.</li></ul>   |
| <b>Basis for Opinion</b>                                    | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described 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 company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</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> |
| <b>Directors' responsibilities for the financial report</b> | <p>The Directors of the company 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>Corporations Act 2001</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 company'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>   |

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 company'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 company 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  
23 August 2017



Charlotte Jeffries  
*as delegate for the Auditor-General of Victoria*