AUDITOR-GENERAL'S REPORT

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Film Victoria

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of Film Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable Officer's and Chief Finance and Accounting Officer's declaration.

The Board Members' Responsibility for the Financial Report

The Board Members of Film Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Film Victoria as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
25 August 2016

for Dr Peter Frost
Acting Auditor-General

Comprehensive operating statement for the financial year ended 30 June 2016

	Note	2016 $	2015 $
Continuing operations			
Income from transactions			
Victorian Government funding	2(a)	25,373,417	19,871,230
Other income	2(b)	1,115,704	1,435,684
Total income from transactions		**26,489,121**	**21,306,914**
Expenses from transactions			
Program costs	2(c)	18,273,789	15,852,665
Employee expenses	2(d)	4,437,799	4,252,986
Depreciation	2(e)	211,147	213,342
Other operating expenses (i)	2(f)	2,079,170	1,792,187
Impairment of assets	5(b)	-	-
Total expenses from transactions		**25,001,905**	**22,111,180**
Net results from transactions (net operating balance)		**1,487,216**	**(804,266)**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets (ii)	3(a)	250	(213)
Net gain/(loss) from other economic flows	3(b)	(4,942)	(8,444)
Total other economic flows included in net result		**(4,692)**	**(8,657)**
Comprehensive result		**1,482,524**	**(812,923)**

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

(i) Other operating expenses includes bad debts expense from transactions that are mutually agreed.

(ii) Net gain/(loss) on non financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

The comprehensive gain of $1,482,524 (2014-15: loss of $812,923) includes the disbursement of program costs amounting to $18,273,789 (2014-15: $15,852,665).

Revenue is allocated to various programs which results in financial commitments to successful applicants. These commitments may remain undisbursed at the end of the financial year due to contracted milestones or deliverables being outstanding after contracts are executed. As a result, during one financial year Film Victoria may make disbursements that arise from financial commitments outstanding from prior years.

Balance sheet as at 30 June 2016

	Note	2016 $	2015 $
Assets			
Financial assets			
Cash and deposits	12(a)	23,334,416	22,328,320
Receivables	4	1,430,564	1,154,207
Total financial assets		**24,764,980**	**23,482,527**
Non-financial assets			
Prepayments		108,419	116,077
Property, plant and equipment	5	1,191,106	1,248,267
Total non-financial assets		**1,299,525**	**1,364,344**
Total assets		**26,064,505**	**24,846,871**
Liabilities			
Payables	6	157,238	332,341
Provisions	7	1,426,275	1,516,062
Total liabilities		**1,583,513**	**1,848,403**
Net assets		**24,480,992**	**22,998,468**
Equity			
Accumulated surplus/(deficit)		(3,266,982)	(4,749,506)
Contributed capital		27,747,974	27,747,974
Net worth		**24,480,992**	**22,998,468**
Commitments for expenditure	9		
Contingent assets and liabilities	10		

The balance sheet should be read in conjunction with the notes to the financial statements.

Commitments on program costs undisbursed at 30 June 2016 amounted to $13,172,083 (2014-15: $12,952,191) and are detailed in Note 9.

Statement of changes in equity for the financial year ended 30 June 2016

	Note	Accumulated Deficit $	Contributions by owner $	Total $
Balance at 30 June 2014		**(3,936,583)**	**27,747,974**	**23,811,391**
Net result for the year		(812,923)	-	(812,923)
Other comprehensive income for the year		-	-	-
Balance at 30 June 2015		**(4,749,507)**	**27,747,974**	**22,998,467**
Net result for the year		1,482,524	-	1,482,524
Other comprehensive income for the year		-	-	-
Balance at 30 June 2016		**(3,266,982)**	**27,747,974**	**24,480,992**

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Cash flow statement for the financial year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts			
Receipts from government		26,667,896	19,245,657
Receipts from other entities		601,109	945,292
Interest received		436,782	549,035
Goods and Services Tax recovered from the ATO (i)		503,778	1,364,608
Total receipts		**28,209,565**	**22,104,591**
Payments			
Payments to suppliers and employees		(6,764,657)	(5,970,419)
Payments to industry applicants		(20,285,077)	(17,396,014)
Total payments		**(27,049,734)**	**(23,366,433)**
Net cash from/(used in) operating activities	12	**1,159,831**	**(1,261,841)**
Cash flows from investing activities			
Payments for property, plant, and equipment	5(b)	(153,986)	(5,038)
Receipts on sale of property, plant, and equipment		250	-
Net cash from/(used in) investing activities		**(153,736)**	**(5,038)**
Net increase/(decrease) in cash and cash equivalents		**1,006,095**	**(1,266,879)**
Cash and cash equivalents at the beginning of the financial year		22,328,321	23,595,200
Cash and cash equivalents at the end of the financial year	12	**23,334,416**	**22,328,321**

The above cash flow statement should be read in conjunction with the notes to the financial statements.

(i) Goods and Service Tax received from the ATO is presented on a net basis.

Notes to the financial statements

Notes to the financial statements for the financial year ended 30 June 2016.

Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Film Victoria for the period ended 30 June 2016. The purpose of this report is to provide users with information about Film Victoria's stewardship of resources entrusted to it.

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standard Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- superannuation expense (refer to Note 1(g))
- the fair value of plant and equipment (refer to Note 1(k))
- assumptions for employee benefit provisions, based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note1(l)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention.

Consistent with AASB 13 *Fair Value Measurement*, Film Victoria determines the policies and procedures for both recurring fair value measurements such as plant and equipment 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 and the relevant Financial Reporting Directions.

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; and

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, Film Victoria 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, Film Victoria 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.

(c) Reporting entity

The financial statements cover Film Victoria as an individual reporting entity.

Its principal address is:
Film Victoria
Level 3, 55 Collins Street
Melbourne VIC 3000

Objectives and funding

Film Victoria is the Victorian Government body that provides strategic leadership and assistance to the film, television and digital media industries in Victoria.

Film Victoria is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs.

(d) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

Other economic flows are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets
- revaluations and impairments of non-financial physical and intangible assets.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated in financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

The net result is equivalent to profit and loss derived in accordance with AASs.

Cash flow statement

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

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from 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 related to 'Transactions with owner in its capacity as owner'.

Rounding

Amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated. Figures in the financial statements may not equate due to rounding.

e) Changes in accounting policies

There were no changes in Film Victoria's accounting policies for the financial year ended 30 June 2016.

(f) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Victorian Government funding

Income from the outputs Film Victoria provides to Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Other income

Income is recognised for each of Film Victoria's major activities as follows:

- interest
- income from project assistance, producer advances, and the sale of rights is recognised upon delivery of the service or rights to the customer.

Interest revenue

Interest income includes interest received on deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of the income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

Development buyouts

Development buyouts are the repayment of Film Victoria's development investment (plus premium, if applicable) and once repaid, allows for the reassignment of Film Victoria's copyright interest in the project to the funding recipient.

Application and administration fees

Administration fees are charged by Film Victoria for production investment funding and are based on the amount of Film Victoria's investment.

Investment and grant repayments

Investment and grant repayments are income investment returns from funded recipients recognised in the reporting period in which they are received.

(g) Expenses from transactions

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

Program costs

These expenses are related to payments made to approved funding recipients for grants, advances and production investment.

Employee expenses

Refer to the section in Note 1(l) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of defined contribution plans that are paid or payable during the reporting period.

Depreciation

All plant and equipment and other non-financial physical assets (excluding items under operating leases) that have finite useful life are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Refer to Note 1(k) for the depreciaton policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset	Depreciation rate	Useful life
Audio visual equipment	25%	4 years
Computer equipment	33%	3 years
Furniture and fittings	20%	5 years
Office equipment	20%	5 years
Leasehold improvements	10%	10 years

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations.

Supplies and services

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred.

Bad and doubtful debts

Refer to Note 1(j) *Impairment of financial assets*.

(h) Other economic flows included in net result

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) on non-financial physical assets

Refer to Note 1(k) *Revaluations of non-financial physical assets*.

Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at that time.

Impairment of non-financial assets

All assets are assessed annually for indications of impairment, and whenever there is an indication that an asset may be impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

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

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

Refer to Note 1(k) in relation to the recognition and measurement of non-financial assets.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service liability due to changes in the bond interest rates
- transfer of amounts from reserves and/or accumulated surplus to the net result due to disposal or derecognition or reclassification.

(i) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Film Victoria's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.* For example, statutory receivables arising from taxes do not meet the definition of financial instruments as they do not arise under contract. However, Cash Flow Facility loans to producers are financial instruments as they arise out of contractual agreements.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on the active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, trade receivables, term deposits with maturity greater than three months, loans and other receivables, but not statutory receivables.

(j) Financial assets

Cash and deposits

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services, loans to third parties and accrued investment income
- statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(i) *Financial Instruments* for recognition and measurement*)*. 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.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(i).

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Cash Flow Facility (CFF) – Producer loans

The Film Victoria Cash Flow Facility is a revolving financial facility which complements Film Victoria's programs by providing loans to finance the taxation authority's producer offset and pre-sales by way of broadcast licenses and distribution guarantees. The Cash Flow Facility provides financial support for the industry by underpinning private sector participation and assisting local producers in international financing and financing of the producer offset. It also leverages increased production in Victoria.

Cash Flow Facility advances to producers are a loan secured by executed distribution contracts, pre-sale agreements or the producer offset. Loans are secured by relevant guarantees and Personal Property Securities Register charges. Interest is charged on amounts outstanding until fully repaid and recorded as revenue.

A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. (See note 1 (j) *Financial Assets – Impairment of Financial Assets*.)

Equity investments and advances

Production investment is an equity investment that is then assigned to the producer where the amount of Film Victoria's investment is written off in the period of payment.

Under certain programs Film Victoria makes advances, for example to production companies towards specified projects and agreed business costs. These are written off in the period of payment.

Advances may be repaid to Film Victoria upon projects completing certain stages for example, the relevant production company commencing principal photography. The repayment period will differ from case to case, depending on when projects are produced. These were no longer offered from 1 July 2014 (see statement of cash flows and Note 11 *Financial Instruments).*

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows 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.

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*.

(k) Non-financial assets

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The fair value of plant and equipment is normally determined by reference to the asset's depreciated replacement cost.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(h) *Impairment of non-financial assets*.

All non-financial assets are held for a public administration purpose under FRD103F.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 5 *Property, plant and equipment.*

Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the lease or the estimated useful life of the improvements.

Other non-financial assets

Revaluations of non-physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

The net revaluation decreases are recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment, are offset against one another in that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that are part of expenditure made in one accounting period covering a term extending beyond that period.

(l) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession notes (accounts payable represent liabilities for goods and services provided to Film Victoria prior to the end of the financial year that are unpaid, and arise when Film Victoria becomes obliged to make future payments in respect of the purchase of those goods and services); and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised costs (refer to Note 1(i)). 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.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date.

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because Film Victoria does not have unconditional rights to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- nominal value - if Film Victoria expects to wholly settle within 12 months; or
- present value - if Film Victoria does not expect to wholly settle within 12 months.

(ii) Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Film Victoria does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value - if Film Victoria expects to wholly settle within 12 months
- present value - if Film Victoria does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the net result as an 'other economic flow' (refer to Note 1(h)).

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. Film Victoria recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Employee benefits on-costs

Employee benefits on-costs such as payroll tax and workers compensation are recognised separately from the provision for employee benefits.

(m) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Operating leases

Film Victoria as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight‑line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Equity

Contributed capital

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Film Victoria.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

(o) Commitments

Commitments for future expenditure include operating commitments arising from contracts. These commitments are disclosed by way of note (refer Note 9 *Commitments for expenditure*) at their nominal value and are inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present value of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(p) Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 10 *Contingent assets and liabilities*) and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST payable.

(q) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingent liabilities are stated inclusive of GST (refer notes 1(o) and 1(p)).

(r) Australian Accounting Standards issued that are not yet effective

Film Victoria has adopted all of the new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for reporting from 1 July 2015.

As at 30 June 2016, the following AASs have been issued by the AASB but not yet effective.

Standard/Interpretation*	Summary	Applicable for annual reporting periods beginning	Impact on public sector financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	01-January-2018	While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	01-January-2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from agreements that cover multiple reporting periods.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained.	01-January-2018	However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	AASB 2014-4 amends AASB 116 and AASB 138 to: • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and • clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	01-January-2016	Minimal impact due to assets mainly consisting of leasehold improvements and IT equipment.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.	1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply 1 January 2018.	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the standard by not-for-profit public sector entities.	01-January-2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	01-January-2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	01-January-2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

* For the current year, given the number of consequential amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

(s) Events after the reporting operiod

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Film Victoria and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

Note 2. Net result from operations

	2016 $	2015 $
Income from transactions		
(a) Income from government		
Government funding		
Victorian Government funding for continuing operations	25,373,417	19,871,230
Total government funding	**25,373,417**	**19,871,230**
(b) Other income		
Program revenue		
Development buyout(s)	216,026	386,665
Application and administration fees	63,000	74,159
Investment and grants repayments	230,828	426,345
Other program revenue	45,261	-
Total program revenue	**555,114**	**887,169**
Interest revenue		
Interest/financial institutions	560,590	548,515
Total interest revenue	**560,590**	**548,515**
Total other income	**1,115,704**	**1,435,684**
Expenses from transactions		
(c) Program costs		
Program payments	18,273,789	15,852,665
Total program costs	**18,273,789**	**15,852,665**
(d) Employee expenses		
Employment benefits:		
Superannuation	395,125	390,795
Salary costs	4,042,674	3,862,191
Total employee expenses	**4,437,799**	**4,252,986**
(e) Depreciation		
Depreciation of non-current assets	211,147	213,343
Total depreciation	**211,147**	**213,343**
(f) Other operating expenses		
Operating leases	430,676	414,113
Supplies and services	1,648,494	1,378,074
Total operating expenses	**2,079,170**	**1,792,187**

Note 3: Other economic flows included in net result

	2016 $	2015 $
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of non-financial assets	250	(213)
Total net gain/(loss) on non-financial assets	**250**	**(213)**
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(4,942)	(8,444)
Net gain/(loss) arising from other economic flows	**(4,942)**	**(8,444)**

Note 4. Receivables

	Note	2016 $	2015 $
Current receivables			
Contractual			
Cash Flow Facility - Producer loans		-	-
Other receivables		1,156,588	1,113,888
Interest receivable		148,962	25,154
Total current contractual receivables		**1,305,550**	**1,139,042**
Statutory			
GST receivable		125,014	15,165
Total current statutory receivables		**125,014**	**15,165**
Total current receivables		**1,430,564**	**1,154,207**
Total receivables		**1,430,564**	**1,154,207**

The average credit period on sales of goods and services is 30 days.

A provision has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

This table summarises the amount of Cash Flow Facility - Producer loan advances paid out and principal repayments received during the reporting period.

	2016 $	2015 $
Cash Flow Facility (CFF) - Producer loans at cost		
Opening balance	-	509,135
Less: Amounts written off during the year as uncollectible *	-	(509,135)
Closing balance (before impairment allowance)	**-**	**-**

	2016 $	2015 $
Movement in the provision for doubtful CFF Producer loans		
Balance at beginning of year	-	509,135
Reversal of provision of CFF Producer loans written off during the year as uncollectible	-	(509,135)
Balance at end of year	**-**	**-**

* Film Victoria has had a correction of a disclosure to reflect that CFF Producer loans were all written off as at 30 June 2015.

Details of the impairment in Producer loans are included in Note 11 *Financial Instruments*.

Note 5. Property, plant and equipment

(a) Property, plant and equipment at cost less accumulated depreciation

	2016 $	2015 $
Leasehold improvements		
At fair value	1,604,936	1,507,535
Less: Accumulated depreciation	(508,223)	(351,739)
Total leasehold improvements	**1,096,713**	**1,155,796**
Audio visual equipment		
At fair value	42,454	37,492
Less: Accumulated depreciation	(35,102)	(30,741)
Total audio visual equipment	**7,352**	**6,751**
Computer equipment		
At fair value	165,888	129,122
Less: Accumulated depreciation	(128,099)	(102,807)
Total computer equipment	**37,789**	**26,315**
Furniture and fittings		
At fair value	116,767	110,261
Less: Accumulated depreciation	(72,251)	(58,477)
Total furniture and fittings	**44,516**	**51,784**
Office equipment		
At fair value	26,771	26,771
Less: Accumulated depreciation	(22,034)	(19,149)
Total office equipment	**4,737**	**7,622**
Total property, plant and equipment	**1,191,106**	**1,248,267**

(b) Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below.

Public administration only	Leasehold improvements at fair value	Audio visual equipment at fair value	Computer equipment at fair value	Furniture and fittings at fair value	Office equipment at fair value	Total
	$	$	$	$	$	$
Balance as at 1 July 2015	1,155,795	6,751	26,315	51,784	7,622	1,248,267
Additions	97,401	4,962	38,457	13,166	-	153,986
Depreciation expense	(156,484)	(4,361)	(26,983)	(20,434)	(2,885)	(211,147)
Asset impairment	-	-	-	-	-	-
Balance as at 30 June 2016	1,096,713	7,352	37,789	44,516	4,737	1,191,106

Public administration only	Leasehold improvements at fair value	Audio visual equipment at fair value	Computer equipment at fair value	Furniture and fittings at fair value	Office equipment at fair value	Total
	$	$	$	$	$	$
Balance as at 1 July 2014	1,306,239	13,838	54,848	71,082	10,778	1,456,785
Additions	-	-	5,038	-	-	5,038
Disposals	-	-	(214)	-	-	(214)
Depreciation expense	(150,444)	(7,087)	(33,357)	(19,298)	(3,156)	(213,342)
Asset impairment	-	-	-	-	-	-
Balance as at 30 June 2015	1,155,795	6,751	26,315	51,783	7,622	1,248,267

The useful lives of assets as stated in Note 1(g) are used in the calculation of depreciation.

c) Fair value measurement hierarchy for assets

2016	Carrying amount as at 30-Jun-2016	Fair value measurement at end of reporting period using:		
		Level 1(i)	Level 2(i)	Level 3(i)
	$	$	$	$
Leasehold improvements at fair value (ii)				
Leasehold improvements	1,096,713			1,096,713
Total of leasehold improvements at fair value	1,096,713	-	-	1,096,713
Property, plant and equipment at fair value (iii)				
Plant and equipment	94,393			94,393
Total of property, plant and equipment at fair value	94,393	-	-	94,393

2015	Carrying amount as at 30-Jun-2015	Fair value measurement at end of reporting period using:		
		Level 1(i)	Level 2(i)	Level 3(i)
	$	$	$	$
Leasehold improvements at fair value (ii)				
Leasehold improvements	1,155,795			1,155,795
Total of leasehold improvements at fair value	1,155,795	-	-	1,155,795
Property, plant and equipment at fair value (iii)				
Plant and equipment	92,471			92,471
Total of property, plant and equipment at fair value	92,471	-	-	92,471

(i) Classified in accordance with the fair value hierarchy, see Note 1(b).

(ii) Leasehold improvements are held at fair value. As they are specialised in use and would not be sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

(iii) Plant and equipment is held at fair value. When property, plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use.

d) Reconciliation of Level 3 fair value

2016	Leasehold improvements	Plant and equipment
	$	$
Opening balance	1,155,795	92,471
Purchases (sales)	97,401	56,585
Depreciation	(156,484)	(54,663)
Closing balance	1,096,713	94,393

2015	Leasehold improvements	Plant and equipment
	$	$
Opening balance	1,306,239	150,546
Purchases (sales)	-	5,038
Gains/(losses) recognised in net result	-	(214)
Depreciation	(150,444)	(62,898)
Closing balance	1,155,795	92,471

e) Description of significant unobservable inputs to Level 3 valuations (2014-15 and 2015-16) *

	Valuation technique	Significant unobservable inputs
Audio visual equipment, computer equipment, furniture and fittings and office equipment	Depreciated replacement cost	Useful life of the applicable asset class and cost per unit
Leasehold improvements	Depreciated replacement cost	Useful life of the applicable asset class

* The significant unobservable inputs have remained unchanged from 2015.

Note 6. Payables

	2016 $	2015 $
Current payables		
Contractual		
Supplies and services	157,238	332,341
Total contractual payables	157,238	332,341
Statutory		
GST	-	-
Total statutory payables	-	-
Total current payables	157,238	332,341
Total payables	157,238	332,341

The average credit period is 7 days.

Note 7. Provisions

	2016 $	2015 $
Current provisions		
Employee benefits (Note 7(a)) (i)		
Annual leave: (Note 7(a))		
- Unconditional and expected to be settled within 12 months (ii)	194,412	179,765
- Unconditional and expected to be settled after 12 months (ii)	37,547	57,754
Long service leave: (Note 7(a))		
- Unconditional and expected to be settled within 12 months (ii)	181,733	149,365
	413,691	386,883
Provision for on-costs: (Note 7(a))		
- Unconditional and expected to be settled within 12 months (ii)	22,101	36,822
- Unconditional and expected to be settled after 12 months (ii)	5,847	16,997
	27,948	53,819
Total current provisions	441,639	440,702
Non-current provisions		
Long service leave and on-costs - unconditional and expected to be settled after 12 months (Note 7(a))	109,434	110,732
Leasehold dismantling costs (Note 7(c))	280,000	280,000
Building incentive (Note 7(d))	595,201	684,628
Total non-current provisions	984,635	1,075,360
Total provisions	1,426,275	1,516,062

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) Amounts are measured at present values.

(a) Employee benefits and on-costs	2016 $	2015 $
Current employee benefits		
- Annual leave	231,958	237,519
- Long Service Leave entitlements	181,733	149,365
Non-current employee benefits		
- Long Service Leave entitlements	109,434	110,732
Total employee benefits	523,126	497,616
Current on-costs		
- Annual leave	12,392	13,895
- Long service leave	9,709	22,927
Non-current on-costs		
- Long service leave	5,847	16,997
Total on-costs	27,948	53,819
Total employee benefits and related on-costs	551,074	551,435

Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

(b) Movement in provision for on-costs	2016 $	2015 $
Opening balance	**53,819**	**29,367**
Additional provisions recognised	(11,095)	40,556
Reductions arising from payments/other sacrifices of future economic benefits	(14,776)	(16,105)
Closing balance	**27,948**	**53,819**
Current	22,101	36,822
Non-current	5,847	16,997
Closing balance	**27,948**	**53,819**

(c) Movement in provision for leasehold dismantling costs	2016 $	2015 $
Opening balance	**280,000**	**280,000**
Closing balance	**280,000**	**280,000**

Provision recognised for leasehold property at 55 Collins Street, Melbourne. In accordance with the lease agreement for this property, Film Victoria must remove any leasehold improvements from the leased property and restore the premises to its original condition at the end of the lease term.

(d) Movement in the provision for the building incentive	2016 $	2015 $
Opening balance	**684,628**	**774,055**
Provision written back for lease period year to date	(89,427)	(89,427)
Closing balance	**595,201**	**684,628**

Building incentive provision for new leasehold property at 55 Collins Street, Melbourne recognised in accordance with AASB Interpretation 115.

Note 8. Superannuation

Employees of Film Victoria are entitled to receive superannuation benefits. Film Victoria contributes to defined contribution plans only.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of Film Victoria.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by Film Victoria are as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2016 $	2015 $	2016 $	2015 $
Defined contribution plans:				
VicSuper	140,864	154,391	-	-
Other	185,614	164,240	-	-
Total	**326,478**	**318,631**	**-**	**-**

Note 9. Commitments for expenditure

(a) Programs

The net balance of Film Victoria's commitments which were not disbursed/received in this twelve month period amounted to $13,172,083 (2014-15: $12,952,191).

These commitments become payable/receivable when contracts are executed and upon contractees satisfying certain conditions. Payment/receipt of these commitments are expected to be made within 5 years of the balance sheet date. Commitments are stated inclusive of the Goods and Services Tax (GST) payable.

The balance of outstanding commitments includes amounts funded by future year budget allocations.

Cash analysed by funding and usage 2015-16

	Cash as at 30-Jun-16 $	Net outstanding commitments as at 30-Jun-16 $	Balance as at 30-Jun-16 $
Cash Flow Facility available	8,490,865	-	8,490,865
Film Victoria programs (including Digital Media)	14,843,551	13,172,083	1,671,468
Total cash assets	**23,334,416**	**13,172,083**	**10,162,333**

Cash analysed by funding and usage 2014-15

	Cash as at 30-Jun-15 $	Net outstanding commitments as at 30-Jun-15 $	Balance as at 30-Jun-15 $
Cash Flow Facility available	9,990,865	-	9,990,865
Film Victoria programs (including Digital Media)	12,337,455	12,952,191	(614,736)
Total cash assets	**22,328,320**	**12,952,191**	**9,376,129**

(b) Cash Flow Facility

	2016 $	2015 $
Total funding for Cash Flow Facility	9,990,865	11,388,277
Add: Transfer between cash and CFF balances	-	102,588
Cash Flow Facility cash held	**9,990,865**	**11,490,865**
Less: Transfer to Film Victoria programs	(1,500,000)	(1,500,000)
Cash Flow Facility available	**8,490,865**	**9,990,865**

(c) Commitments payable - Nominal values

	2016 $	2015 $
Programs		
Less than 1 year	12,385,829	12,808,641
Longer than 1 year but not longer than 5 years	786,254	143,550
5 years or more	-	-
Total programs	**13,172,083**	**12,952,191**
Operating and lease commitments payable		
Less than 1 year	585,425	563,168
Longer than 1 year but not longer than 5 years	2,567,448	2,475,896
5 years or more	1,192,201	1,869,178
Total operating and lease commitments payable	**4,345,074**	**4,908,242**
Total commitments (inclusive of GST)	**17,517,157**	**17,860,433**
Less GST recoverable from the Australian Tax Office	2,628,199	2,668,187
Total commitments (exclusive of GST)	**14,888,958**	**15,192,246**

Operating leases are with respect to office space at 55 Collins Street, Melbourne, and for office equipment.

The Cash Flow Facility represents a revolving loan facility. Film Victoria has a stringent credit process to ensure that all loans are prudently managed.

Film Victoria programs comprise grants provided for industry investment and support. It also includes repayments and recoupments from prior year projects. The balance at 30 June 2016 is committed to film industry initiatives, programs and expenditure carried forward into future periods.

Note 10. Contingent assets and liabilities*

* At balance date there are no contingent assets or liabilities to be disclosed (2014-15 - nil).

Note 11. Financial instruments

(a) Financial risk management objectives and policies

Film Victoria's principal financial instruments comprise:
- cash assets
- term and at call deposits
- receivables (excluding statutory receivables)
- payables (excluding statutory receivables).

Film Victoria's activities expose it to:
- the financial risks of changes in interest rates, credit exposure, and a minor amount of operational foreign currency transactions
- liquidity risk of having sufficient liquid assets to meet its liabilities and commitments as they fall due.

Film Victoria does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Film Victoria does not enter into derivative financial instruments to manage its exposure to interest rate.

Film Victoria does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Categorisation of financial instruments

	Category	2016 $	2015 $
Financial assets	Contractual financial assets - loans and receivables		
Cash and deposits		23,334,416	22,328,320
Receivables		1,305,550	1,139,042
Total financial assets		**24,639,966**	**23,467,362**
Financial liabilities	Contractual financial liabilities at amortised cost		
Payables		157,238	332,341
Total financial liabilities		**157,238**	**332,341**

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

2016	Total interest income/(expense) $	Total $
Contractual financial assets		
Cash and deposits - Interest	560,840	560,840
Total contractual financial assets	**560,840**	**560,840**

2015	Total interest income/(expense) $	Total $
Contractual financial assets		
Cash and deposits - Interest	548,515	548,515
Total contractual financial assets	**548,515**	**548,515**

(i) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

(b) Interest rate risk

Film Victoria's exposure to interest rate risks and the effective interest rate risks of financial assets and financial liabilities recognised at balance date, are as follows:

The following table details Film Victoria's exposure to interest rate risks as at 30 June 2016

	Weighted average effective interest rate	Variable interest rate	Fixed interest rate	Non-interest bearing	Carrying amount
	%	$	$	$	$
Financial assets					
Cash and deposits					
Cash on hand and cash at bank	1.07%	28,751	-	800	29,551
Short term/at call deposits	2.14%	8,490,865	14,814,000	-	23,304,865
Receivables					
Other receivables (excluding prepayments)	N/A	-	-	1,305,550	1,305,550
Total financial assets		**8,519,616**	**14,814,000**	**1,306,350**	**24,639,966**
Financial liabilities					
Payables					
Other payables	N/A	-	-	157,238	157,238
Total financial liabilities		-	-	**157,238**	**157,238**

The following table details Film Victoria's exposure to interest rate risks as at 30 June 2015

	Weighted average	Variable interest rate	Fixed interest rate	Non-interest bearing	Carrying amount
	%	$	$	$	$
Financial assets					
Cash and deposits					
Cash on hand and cash at bank	1.12%	97,520	-	800	98,320
Short term/at call deposits	2.45%	9,990,865	12,239,135	-	22,230,000
Receivables					
Other receivables (excluding prepayments)	N/A	-	-	1,139,042	1,139,042
Total financial assets		**10,088,385**	**12,239,135**	**1,139,842**	**23,467,362**
Financial liabilities					
Payables					
Other payables	N/A	-	-	332,341	332,341
Total financial liabilities		-	-	**332,341**	**332,341**

(c) Credit risk

Film Victoria's maximum exposure to credit risk at the balance sheet date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

Within the Film Victoria Cash Flow Facility, the maximum exposure cannot exceed $3,000,000 for each of the following:

- any one Australian distributor, broadcaster or sales agent
- any one overseas distributor, broadcaster or sales agent
- any one producer (producers are eligible to apply to Film Victoria for an equity investment for the same project).

Credit risk in trade receivables is managed in the following ways:

- by operating under payment terms of 30 days
- debt collection policies and procedures.

The following table discloses the credit quality of financial assets that are neither past due nor impaired [(i)]

2016	Financial institutions (triple-A credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (min triple-B credit rating)	Total
	$	$	$	$	$
Cash and deposits	29,551	-	-	-	29,551
Receivables	-	1,290,717	-	14,833	1,305,550
Investments and other financial assets	-	23,304,865	-	-	23,304,865
Total financial assets	**29,551**	**24,595,582**	-	**14,833**	**24,639,966**

2015	Financial institutions (triple-A credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (min triple-B credit rating)	Total
	$	$	$	$	$
Cash and deposits	98,320	-	-	-	98,320
Receivables	-	1,125,154	-	13,888	1,139,042
Investments and other financial assets	-	22,230,000	-	-	22,230,000
Total financial assets	**98,320**	**23,355,154**	-	**13,888**	**23,467,362**

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

The following table discloses the ageing of financial assets:

	Carrying amount	Not past due and not impaired	Past due but not impaired		Impaired
			Less than 30 days	30-365 days	
	$	$	$	$	$
2016					
Financial assets					
Cash on hand and cash at bank	29,551	29,551	-	-	-
Short term/at call deposits	23,304,865	23,304,865	-	-	-
Cash Flow Facility - Producer loans	-	-	-	-	-
Other receivables (excluding prepayments)	1,305,550	1,305,550	-	-	-
Total financial assets	**24,639,966**	**24,639,966**	-	-	-

	Carrying amount	Not past due and not impaired	Past due but not impaired		Impaired
			Less than 30 days	30-365 days	
	$	$	$	$	$
2015					
Financial assets					
Cash on hand and cash at bank	98,320	98,320	-	-	-
Short term/at call deposits	22,230,000	22,230,000	-	-	-
Cash Flow Facility - Producer loans	-	-	-	-	-
Other receivables (excluding prepayments)	1,139,042	1,139,042	-	-	-
Total financial assets	**23,467,362**	**23,467,362**	**-**	**-**	**-**

(d) Liquidity risk

Liquidity risk is the risk that Film Victoria would be unable to meet its financial obligations as and when they fall due. Film Victoria has a payments policy of settling financial obligations within 7 days.

Film Victoria's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to net commitments disclosed in Note 9. Film Victoria manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- careful maturity planning of its financial investments based on forecasts of current needs and likely future cash flows
- careful monitoring of commitments payable and receivable.

The following table discloses the contractual maturity analysis for Film Victoria's contractual financial liabilities [(i)]

2016	Carrying amount	Nominal amount	Less than one month	1 month - 1 year	1 - 5 years	5 + years
	$	$	$	$	$	$
Payables [(ii)]						
Supplies and services	7,009	7,009	7,009			
Payable to government and agencies	1,910	1,910	1,910			
Other payables	148,320	148,320	148,270			50
Total	**157,239**	**157,239**	**157,189**	**-**	**-**	**50**

2015	Carrying amount	Nominal amount	Less than one month	1 month - 1 year	1 - 5 years	5 + years
	$	$	$	$	$	$
Payables [(ii)]						
Supplies and services	160,279	160,279	160,279			
Payable to government and agencies	77,287	77,287	77,287			
Other payables	94,775	94,775	94,725			50
Total	**332,341**	**332,341**	**332,291**	**-**	**-**	**50**

(i) Maturity analysis is presented using the contractual undiscounted cash flows.

(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

(e) Interest rate sensitivity analysis

Interest rate sensitivity analysis is based on balances of financial assets not exceeding one year, which are at fixed or floating rates. Minimum and maximum exposures are calculated at shifts of plus or minus 1% respectively.

The table below details Film Victoria's sensitivity to shifts in interest rate. The exposures are based on management's best estimates of the possible adverse effects of changes in interest rate as at 30 June 2016 and 30 June 2015.

Market risk exposure - Interest rate

2016	Carrying amount	Interest rate			
		-1%		+1%	
		Net result	Accumulated surplus	Net result	Accumulated surplus
	$	$	$	$	$
Financial assets					
Cash and deposits	23,334,416	(233,344)	(233,344)	233,344	233,344
Total impact		**(233,344)**	**(233,344)**	**233,344**	**233,344**

2015	Carrying amount	Interest rate			
		-1%		+1%	
		Net result	Accumulated surplus	Net result	Accumulated surplus
	$	$	$	$	$
Financial assets					
Cash and deposits	22,328,320	(223,283)	(223,283)	223,283	223,283
Total impact		**(223,283)**	**(223,283)**	**223,283**	**223,283**

(f) Fair value

The carrying amount of financial instruments assets and liabilities recorded in the financial statements are a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they are paid in full except where an impairment allowance has been made.

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

	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	**2016**	**2016**	**2015**	**2015**
	$	**$**	**$**	**$**
Fair value measurement at end of reporting period using:				
Level 1				
Cash on hand and cash at bank	29,551	29,551	98,320	98,320
Short term/at call deposits	23,304,865	23,304,865	22,230,000	22,230,000
Other receivables (excluding prepayments)	1,305,550	1,305,550	1,139,042	1,139,042
Level 3				
Cash Flow Facility - Producer loans	-	-	-	-
Total financial assets	**24,639,966**	**24,639,966**	**23,467,362**	**23,467,362**

Note 12. Cash flow information

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

(a) Reconciliation of cash and cash deposits

	2016	2015
	$	$
Cash on hand	800	800
Cash at bank	28,751	97,520
Short term/at call deposits – Programs and operating activities	14,814,000	12,239,135
Short term/at call deposits – Cash Flow Facility	8,490,865	9,990,865
Balance as per cash flow statement	**23,334,416**	**22,328,320**

The Cash Flow Facility is a revolving loan facility. Short term/at call deposits - Cash Flow Facility fund may only be used to advance loans.

(b) Reconciliation of net result for the period to net cash flows from operating activities:

	2016	2015
	$	$
Net result	**1,482,524**	**(812,923)**
Depreciation of non-current assets	211,147	213,342
(Gain)/loss on sale of non-financial assets	(250)	213
Impairment allowance	-	-
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(165,563)	(918,568)
Other current assets	(118,316)	54,402
Increase/(decrease) in liabilities:		
Current payables	(159,922)	237,438
Current provisions	33,667	53,880
Non-current provisions	(123,455)	(89,626)
Net cash from/(used in) operating activities	**1,159,832**	**(1,261,841)**

Note 13. Ex-gratia expenses

	2016	2015
	$	$
Payments to former employees as part of redundancy packages(i)	**120,985**	**29,898**

(i) The amount above includes ex-gratia payments recognised in the comprehensive operating statement under 'Employee expenses'.

Note 14. Responsible persons

The names of persons who were Responsible Persons at any time during the 12 month financial reporting period are:

Minister for Creative Industries
Martin Foley MP

Governing Board
Ian Robertson, President
Debra Allanson
Ann Darrouzet
Dan Fill
Kelly Lefever (from 1 September 2015)
Lyn Maddock
Michael McMahon
David Parker
Caroline Pitcher
John Rundell
Jan Sardi (to 31 August 2015)
Daryl Talbot

Chief Executive Officer and Accountable Officer
Jenni Tosi

Members of the Governing Board were remunerated. Remuneration was based on the Victorian Public Sector Commission's *Appointment and Remuneration Guidelines for Victorian Government Boards Statutory Bodies and Advisory Committees.*

Total remuneration was based on the following bands: $30,000-$39,999 (one member), $10,000-$19,999 (ten members) and $0-$9,999 (one member). Total remuneration for 2014-15 was based on the following bands: $30,000-$39,999 (one member) and $10,000-$19,999 (ten members).

The remuneration of the Minister is reported separately in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: www.parliament.vic.gov.au/publications/register-of-interests

Remuneration received by the Accountable Officer in connection with management of Film Victoria during the period was in the range $270,000 - $279,999 ($260,000 - $269,999 in 2014-15).

Note 15. Related party transactions

Other discretionary transactions during the financial year with responsible persons and/or responsible person-related entities are set out in the table below.

The transactions cover payments and receipts relating to Film Victoria programs for equity investments, production attraction, content development, cash flow funding, professional development, and other industry activities, as well as participation in committees.

All such transactions are carried out at arms length with the entities involved and receive the same amount of scrutiny that apply to all applicants to the Film Victoria program.

Entity	Transaction type	2016 $	2015 $
Ali's Wedding Production Pty Ltd / Michael McMahon	Payments	232,000	-
	Receipts	-	-
The Australian Writers Guild Pty Ltd / Jan Sardi	Payments	186,000	25,000
	Receipts	-	-
The Australian Writers Guild Pty Ltd / Kelly Lefever	Payments	186,000	-
	Receipts	-	-
Barracuda Productions Pty Ltd / Michael McMahon	Payments	368,000	-
	Receipts	-	-
Breakaway Scripts Pty Ltd / Jan Sardi	Payments	300	-
	Receipts	-	-
Cascade Film Pty Ltd / David Parker	Payments	953	1,000
	Receipts	-	-
Chocolate Liberation Front Pty Ltd / Dan Fill	Payments	26,000	230,000
	Receipts	-	-
Cut Snake Productions Pty Ltd / Michael McMahon	Payments	-	1,000
	Receipts	-	-
Jade Productions Pty Ltd / Daryl Talbot	Payments	48,000	-
	Receipts	(500)	-
Matchbox Pictures Pty Ltd / Michael McMahon	Payments	-	2,200
	Receipts	-	-
Matchbox Productions Pty Ltd / Michael McMahon	Payments	43,497	-
	Receipts	(7,449)	(1,000)
Near Life Productions Pty Ltd / Kelly Lefever	Payments	2,875	-
	Receipts	-	-
Nowhere Boys 2 Productions Pty Ltd / Michael McMahon	Payments	-	437,000
	Receipts	(10,000)	(10,000)
Nowhere Boys 3 Productions Pty Ltd / Michael McMahon	Payments	168,252	-
	Receipts	-	-
Nowhere Boys Pictures Pty Ltd / Michael McMahon	Payments	250,000	-
	Receipts	-	-
Perplexing New Reality Pty Ltd / Michael McMahon	Payments	52,750	457,250
	Receipts	-	-
Oddball Holdings Pty Ltd / Daryl Talbot	Payments	13,000	30,000
	Receipts	-	-
Oddball Productions Pty Ltd / Daryl Talbot	Payments	-	122,000
	Receipts	-	(83,050)
Seven Types Productions Pty Ltd / Michael McMahon	Payments	160,000	-
	Receipts	-	-
TTK Productions Pty Ltd / David Parker *	Payments	-	100,000
	Receipts	-	-

* Film Victoria has had a correction of an error that required a restatement of related party transactions as at 30 June 2015.

Members of Film Victoria's Board, committees, internal staff assessment panels, and its CEO and staff are bound by the Conflict of Interest provisions of the *Film Act 2001* (Vic.) (sections 39-42), together with the Code of Conduct for the Victorian Public Sector (sections 34-37).

A member who has a conflict of interest in a matter must not be present during any deliberations on the matter, unless the President directs otherwise, and is not entitled to vote on the matter.

Note 16. Remuneration of executives and payments to other personnel

a) Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Certain factors affect total remuneration payable to executives over the year. Two executives received bonus payments during the year. This bonus payment depended on the terms of the individual employment contract, which provides for an annual bonus payment.

Income band	Total remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
$100,000 - 109,999				
$110,000 - 119,999				
$120,000 - 129,999				
$130,000 - 139,999				
$140,000 - 149,999	1		1	
$150,000 - 159,999				1
$160,000 - 169,999		1		
$170,000 - 179,999		1	1	1
$180,000 - 189,999	1			
Total number of executives	**2**	**2**	**2**	**2**
Total annualised employee equivalents (i)	**2**	**2**	**2**	**2**
Total amount	**$329,159**	**$337,358**	**$319,191**	**$333,136**

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

b) Payments to other personnel (i.e. contractors with significant management responsibilities)

There were no payments made to other personnel (i.e. contractors with significant management responsibility) in 2015-16 (2014-15 - nil).

Note 17. Remuneration of auditors

	2016 $	2015 $
Victorian Auditor General's Office		
Audit of the financial statements	21,700	21,200
	21,700	**21,200**

Note 18. Subsequent events

Film Victoria is not aware of any material events after the balance sheet date which would affect these financial statements.

Accountable officer's and chief finance and accounting officer's declaration

The attached financial statements for Film Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Film Victoria at 30 June 2016.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 23 August 2016.

I. Robertson	J. Tosi	R. Hewko
President	Chief Executive Officer	Chief Financial Officer
Film Victoria	Film Victoria	Film Victoria
Sydney	Melbourne	Melbourne
22 August 2016	23 August 2016	23 August 2016