Victorian Institute of Forensic Medicine

Financial Statements

For the financial year ended 30th June 2013

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

The attached financial statements for the Victorian Institute of Forensic Medicine have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations 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 2013 and financial position of the Institute at 30 June 2013.

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 5 September 2013.

Professor Stephen Cordner
Director and VIFM Council Member
Victorian Institute of Forensic Medicine

Melbourne
5 September 2013

Mr Peter Ford
Chief Finance Officer
Victorian Institute of Forensic Medicine

Melbourne
5 September 2013

Comprehensive operating statement
For the financial year ended 30 June 2013

	Notes	2013 $	2012 $
Continuing operations			
Income from transactions			
Grant - Department of Justice	2(c)	**28,052,749**	26,353,819
Interest from investments	2(a)	**-**	47,765
Sale of goods and services	2(b)	**2,255,737**	3,756,564
Total income from transactions		**30,308,486**	**30,158,148**
Expenses from transactions			
Employee expenses	3(a)	**(21,589,318)**	(20,296,898)
Depreciation	3(b)	**(1,224,171)**	(1,039,589)
Interest expense	3(c)	**(14,087)**	(11,220)
Other operating expenses	3(d)	**(7,598,163)**	(8,653,999)
Total expenses from transactions		**(30,425,739)**	**(30,001,706)**
Net result from transactions (net operating balance)		**(117,253)**	**156,442**
Other economic flows included in net result			
Net gain/(loss) on financial instruments	4(a)	**8,997**	(2,246)
Other gain/(loss) from other economic flows	4(b)	**43,166**	(108,579)
Total other economic flows included in net result		**52,163**	**(110,825)**
Net result		**(65,090)**	**45,617**
Comprehensive result		**(65,090)**	**45,617**

The comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet
As at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Financial assets			
Cash and deposits	18	**2,342,426**	2,406,968
Receivables	6	**6,403,718**	6,141,356
Total financial assets		**8,746,144**	**8,548,324**
Non-financial assets			
Inventories		**15,991**	17,415
Non-financial physical assets classified as held for sale	7	**-**	50,722
Property, plant and equipment	8	**9,477,443**	9,189,840
Total non-financial assets		**9,493,434**	**9,257,977**
Total assets		**18,239,578**	**17,806,301**
Liabilities			
Payables	9	**1,141,074**	1,171,961
Borrowings	10	**210,928**	130,290
Provisions	11	**5,949,304**	5,332,934
Other liabilities	12	**774,432**	563,218
Total liabilities		**8,075,738**	**7,198,403**
Net assets		**10,163,840**	**10,607,898**
Equity			
Accumulated surplus/(deficit)		**(2,592,595)**	(2,527,505)
Physical asset revaluation surplus		**2,433,863**	2,433,863
Contributed capital		**10,322,572**	10,701,540
Net worth		**10,163,840**	**10,607,898**
Commitments for expenditure	15		
Contingent assets and contingent liabilities	16		

The balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the financial year ended 30 June 2013

	Note	Physical asset revaluation surplus $	Accumulated surplus $	Contributions by owner $	Total $
Balance at 1 July 2011		**2,433,863**	**(2,573,122)**	**10,268,422**	**10,129,163**
Net result for the year		-	45,617	-	**45,617**
Capital appropriations		-	-	433,118	**433,118**
Balance at 30 June 2012		**2,433,863**	**(2,527,505)**	**10,701,540**	**10,607,898**
Net result for the year		**-**	**(65,090)**	**-**	**(65,090)**
Administrative restructure - net assets transferred	5	**-**	**-**	**(622,293)**	**(622,293)**
Capital appropriations		**-**	**-**	**243,325**	**243,325**
Balance at 30 June 2013		**2,433,863**	**(2,592,595)**	**10,322,572**	**10,163,840**

The statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement
For the financial year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts			
Receipts from Government		**27,429,642**	26,067,919
Receipts from other entities		**2,836,692**	4,095,740
Interest received		**-**	47,765
Total receipts		**30,266,334**	**30,211,424**
Payments			
Payments to suppliers and employees		**(28,557,406)**	(29,073,100)
Interest and other costs of finance paid		**(14,087)**	(11,220)
Total payments		**(28,571,493)**	**(29,084,320)**
Net cash flows from/(used in) operating activities	18(b)	**1,694,841**	**1,127,104**
Cash flows from investing activities			
Purchases of non-financial assets		**(1,461,051)**	(1,404,651)
Net cash flows from/(used in) investing activities		**(1,461,051)**	**(1,404,651)**
Cash flows from financing activities			
Owner contributions by State Government		**(378,967)**	433,118
Proceeds/(repayment) of finance leases		**80,635**	(73,182)
Net cash flows from/(used in) financing activities		**(298,332)**	**359,936**
Net increase/(decrease) in cash and cash equivalents		**(64,542)**	**82,389**
Cash and cash equivalents at beginning of the financial year		**2,406,968**	2,324,579
Cash and cash equivalents at end of the financial year	18(a)	**2,342,426**	**2,406,968**
Non-cash transactions	18(b)		

The cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Victorian Institute of Forensic Medicine (the Institute) for the period ending 30 June 2013. The purpose of the report is to provide users with information about the Institute'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 Standards 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.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 22.

These annual financial statements were authorised for issue by the Director of the Victorian Institute of Forensic Medicine on 5 September 2013.

(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:

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

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Notes to the financial statements
For the financial year ended 30 June 2013

(C) Reporting entity

The financial statements cover the Victorian Institute of Forensic Medicine as an individual reporting entity.

The Institute is established under the *Victorian Institute of Forensic Medicine (VIFM) Act 1985* operating under the auspices of the Department of Justice and reporting to Parliament through the Attorney-General. The Institute's objectives, functions, powers and duties are set out in this Act.

Its principal address is:

Victorian Institute of Forensic Medicine
57-83 Kavanagh Street, Southbank, Victoria, 3006

Objectives and funding

The Institute works predominantly in accordance with two pieces of legislation: the *VIFM Act 1985* and the *Human Tissue Act 1982.* The *VIFM Act 1985* provides that the objectives of the Institute are:

- to provide, promote and assist in the provision of forensic pathology and related services in Victoria and, as far as practicable, oversee and co-ordinate those services in Victoria;
- to promote, provide and assist in the post-graduate instruction and training of trainee specialist pathologists in the field of forensic pathology in Victoria;
- to promote, provide and assist in the post-graduate instruction and training of persons qualified in biological sciences in the field of toxicological and forensic science in Victoria;
- to provide training facilities for doctors, medical undergraduates and such other persons as may be considered appropriate by the Council to assist in the proper functioning of the Institute;
- to conduct research in the fields of forensic pathology, forensic science, clinical forensic medicine and associated fields as approved by the Council;
- to provide, promote and assist in the provision of clinical forensic medicine and related services to the police force of Victoria and government bodies;
- to promote, provide and assist in under-graduate and post-graduate instruction in the field of clinical forensic medicine in Victoria;
- to promote, provide and assist in the teaching of and training in clinical forensic medicine within medical, legal, general health and other education programs; and
- to provide for the storage of tissue, taken in accordance with the *Human Tissue Act 1982* from deceased persons coming under the jurisdiction of coroners in Victoria, for use for therapeutic purposes.

The *Human Tissue Act 1982* regulates the donation of human tissue by living persons and after death. It provides authority for post-mortem examinations, prohibits the trading in human tissue and gives a definition of death.

(D) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from ‘transactions’ or ‘other economic flows’. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements* .

‘Transactions’ and ‘other economic flows’ are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) (the GFS manual, refer to Note 22).

‘Transactions’ are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Notes to the financial statements
For the financial year ended 30 June 2013

'Other economic flows' are changes arising from market re-measurements. They include:

- gains and losses from disposals;
- revaluations and impairments of non-financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans; and
- fair value changes of financial instruments.

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

Balance sheet
Assets and liabilities are presented in liquidity order with assets aggregated into 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 beyond 12 months) are disclosed in the notes, where relevant.

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* .

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

Statement of changes in equity
The statement of changes in equity presents reconciliations of each 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 recognised in 'other economic flows - other movements in equity' related to 'transactions with owner in its capacity as owner'.

(E) 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.

Government grants
Income from the outputs the Institute 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.

Interest
Interest includes interest received from investments.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Fair value of assets and services received free of charge or for nominal consideration
Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Sale of goods and services
Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Income is recognised for each of the Institute's major activities as follows:

The Fee for Service Fund and the Donor Tissue Bank
The Fee for Service Fund and the Donor Tissue Bank income represents services rendered to clients which are recognised when the service is provided.

Notes to the financial statements
For the financial year ended 30 June 2013

(F) Expenses from transactions

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

Employee expenses
Refer to the section in Note 1(K) 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 Work Cover premiums.

Superannuation
The amount recognised in the Comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable to these plans during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

Depreciation
All buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases and assets held for sale) that have finite useful lives 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.

The estimated useful lives, residual vales 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 both current and prior years.

Asset	Useful life
Buildings	15 years
Plant, equipment and vehicles (inc. leased assets)	3 to 15 years

Interest expense
Interest expense is recognised in the period in which it is incurred. Refer to Glossary of terms and style conventions in Note 22 for an explanation of interest expense items.

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

(i) Supplies and services
Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expenses when distributed.

(ii) Bad and doubtful debts
Refer to Note 1(I) Impairment of financial assets.

(G) Other economic flows included in the net result

Other economic flows measure the change in 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:

Notes to the financial statements
For the financial year ended 30 June 2013

Revaluation gains/(losses) of non-financial physical assets
Refer to Note 1(J) Revaluations of non-financial physical assets.

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 from the proceeds the carrying value of the asset at that time.

Impairment of non-financial assets
All other assets are assessed annually for indications of impairment, except for:

- inventories (refer Note 1(J)); and
- non-financial physical assets held for sale (refer Note (1(J)).

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

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

Refer to Note 1(J) in relation to the recognition and measurement of non-financial 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 (refer to Note 1(H)); and
- disposals of 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 leave liability due to changes in the bond interest rates.

(H) 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 the Institute'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* .

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.

The following refers to financial instruments unless otherwise stated.

Notes to the financial statements
For the financial year ended 30 June 2013

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 an 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 (refer to Note 1(I)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost
Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (refer Note 22).

Financial instrument liabilities measured at amortised cost include all the Institute's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

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

(I) Financial assets

Cash and deposits
Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank.

Receivables
Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services (refer to Note 1(I)); and
- statutory receivables, which include predominately amounts owing from the Victorian Government.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(H)) 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 debts may not be collected, and bad debts are written off when identified.

At the end of each reporting period, the Institute 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 or 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.

Notes to the financial statements
For the financial year ended 30 June 2013

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 computational methods in accordance with AASB 136 *Impairment of Assets* .

Notes to the financial statements
For the financial year ended 30 June 2013

(J) Non-financial assets

Inventories
Inventories include goods and other property held either for sale, or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Non-financial physical assets classified as held-for-sale, including disposal group assets
Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed within twelve months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

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.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(l)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The fair value of plant, equipment and vehicles is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

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

Revaluations of non-financial physical assets
Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Directions (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 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.

Notes to the financial statements
For the financial year ended 30 June 2013

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 movements in equity' 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 flow) in the net result.

Notes to the financial statements
For the financial year ended 30 June 2013

Net revaluation decreases are recognised in 'Other economic flows - other movements in equity' 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 movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

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

(K) Liabilities

Payables
Payables consist of:

- contractual payables, such as accounts payable and unearned income. Accounts payable represent liabilities for goods
- statutory payables, such as fringe benefits tax payable.

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

Borrowings
All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(L)). The measurement basis subsequent to initial recognition depends on whether the Institute has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period for the borrowing using the effective method.

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, 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 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.

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

(a) Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values. Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Notes to the financial statements
For the financial year ended 30 June 2013

(b) 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 the Institute 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 - component that the Institute expects to settle within 12 months; and
- present value - component that the Institute does not expect to 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 as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(G)).

(c) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Institute 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 balance sheet date are discounted to present value.

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

Other provisions
Other provisions mainly represent payments due on behalf of contractors under statutory obligations.

(L) 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 risk and reward incidental to ownership. Leases of 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.

Finance leases
Institute as lessee
At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the Comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Notes to the financial statements
For the financial year ended 30 June 2013

(M) Equity

Contributions by owners
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.

(N) Commitments

Commitments for future expenditure including operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 15) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(O) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 16) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(P) Accounting for the goods and services tax (GST)

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

Receivables and payables are stated exclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

The Department of Justice manages the GST transactions on behalf of the Institute and the net amount of GST recoverable from or payable to, the taxation authority is recognised in the Department of Justice's financial statements.

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

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2013, the following AASs have been issued by the AASB but are not yet effective. They become effective for the first financial statement for reporting periods commencing after the stated operative dates as follows;

Notes to the financial statements
For the financial year ended 30 June 2013

(Q) Australian Accounting Standards issued that are not yet effective (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on public sector entity financial statements
AASB 9 *Financial instruments*	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement*).	1 January 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 13 *Fair Value Measurement*	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 January 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
AASB 119 *Employee Benefits*	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 January 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions a few Victorian public sector entities that report superannuation defined benefit plans.

Notes to the financial statements
For the financial year ended 30 June 2013

(Q) Australian Accounting Standards issued that are not yet effective (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on public sector entity financial statements
AASB 1053 *Application of Tiers of Australian Accounting Standards*	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 1055 *Budgetary Reporting*	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 January 2014	This Standard is not applicable as no budget disclosure is required.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 2. Income from transactions

	2013	2012
	$	$
(a) Interest		
Interest from financial assets not at fair value through P/L:		
Interest from investments	**-**	47,765
Total interest	**-**	**47,765**
(b) Sale of goods and services		
Distribution of goods - Donor Tissue Bank	**1,328,747**	1,418,240
Rendering of services	**926,990**	2,338,324
Total sale of goods and services	**2,255,737**	**3,756,564**
(c) Grants		
Section 29 receipts	**8,502,591**	8,147,619
Department of Justice	**19,550,158**	18,206,200
Total grants	**28,052,749**	**26,353,819**
Total income from transactions	**30,308,486**	**30,158,148**

Notes to the financial statements
For the financial year ended 30 June 2013

Note 3. Expenses from transactions

	2013 $	2012 $
(a) Employee expenses		
Post employment benefits		
Defined contribution superannuation expense	**1,472,730**	1,414,678
Defined benefit superannuation expense	**138,420**	152,676
Departure packages	**336,958**	-
Salaries, wages and long service leave	**18,439,085**	17,594,249
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	**1,202,125**	1,135,295
Total employee expenses	**21,589,318**	**20,296,898**
(b) Depreciation		
Buildings	**319,160**	319,160
Plant, equipment and vehicles	**905,011**	720,429
Total depreciation	**1,224,171**	**1,039,589**
(c) Interest expense		
Interest on finance leases	**12,789**	9,558
Other interest expense	**1,298**	1,662
Total interest expense	**14,087**	**11,220**
(d) Other operating expenses		
Supplies and services		
Purchase of supplies	**4,630,344**	4,731,454
Purchase of services	**1,833,249**	2,521,247
Maintenance	**1,133,520**	1,400,269
Lease expense	**1,050**	1,029
Total other operating expenses	**7,598,163**	**8,653,999**

Notes to the financial statements
For the financial year ended 30 June 2013

Note 4. Other economic flows included in net result

	2013 $	2012 $
(a) Net gain/(loss) on financial instruments		
Impairment of loans and receivables (i)	**8,997**	(2,246)
Total net gain/(loss) on financial instruments	**8,997**	**(2,246)**
(b) Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability (ii)	**43,166**	(108,579)
Total gain/(loss) from other economic flows	**43,166**	**(108,579)**

Note:
(i) Including increase/(decrease) in provision for doubtful debts and bad debts from other economic flows.
(ii) Revaluation gain/(loss) due to changes in bond rates.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 5. Restructuring of administrative arrangements

Following a review of the National Coronial Information System (NCIS) in 2011, the Board of Management for NCIS, the Victorian Institute of Forensic Medicine (VIFM) and the Department of Justice agreed to transfer the management and operation of NCIS from the VIFM to the Department of Justice on 1 July 2012. As part of this restructure of administrative arrangements, VIFM transferred out a number of employees and equipment to the Department of Justice.

The net assets transferred from the VIFM as a result of the administrative restructure were recognised at the carrying amount of those assets in the balance sheet immediately prior to the transfer.

The net assets transfer was treated as a contribution of capital by the Crown in compliance with the accounting requirements of Financial Reporting Direction 119 *Contributions by Owners* . No revenue and expenditure has been recognised by the VIFM in respect of the net assets transferred.

Transfer of net assets from the Victorian Institute of Forensic Medicine
In respect of the activities relinquished, the following assets and liabilities were recognised at the date of transfer;

	2013 **$**	2012 $
Controlled		
Assets		
Receivables	**699,340**	**-**
Property, plant and equipment - carrying value	**44,181**	**-**
Liabilities		
Provisions	**(121,228)**	**-**
Net assets transferred	**622,293**	-

Notes to the financial statements
For the financial year ended 30 June 2013

Note 6. Receivables

	2013 $	2012 $
Current receivables		
Contractual		
Sale of goods and services [i]	399,556	769,297
Provision for doubtful contractual receivables [i] (see also Note 6(a) below)	(44,077)	(53,074)
	355,479	716,223
Statutory		
Amounts owing from Department of Justice [ii]	5,432,336	4,692,398
	5,432,336	4,692,398
Total current receivables	5,787,815	5,408,621
Non-current receivables		
Statutory		
Amounts owing from Department of Justice [ii]	615,903	732,735
	615,903	732,735
Total non-current receivables	615,903	732,735
Total receivables	6,403,718	6,141,356

Notes:
(i) The average credit period for sales of goods and services and for other receivables is 30 days. No interest is charged on other receivables. A provision has been made for estimated irrecoverable amounts from the sale of goods and/or services, determined by reference to past default experience. The decrease was recognised in the operating result for the current financial year.

(ii) The amounts recognised from Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.

(a) Movement in the provision for doubtful contractual receivables

	2013 $	2012 $
Balance at beginning of the year	(53,074)	(50,828)
Increase/(decrease) in provision recognised in net result	8,997	(2,246)
Balance at end of the year	(44,077)	(53,074)

(b) Ageing analysis of contractual receivables

Please refer to Table 17.3 in Note 17(b) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Please refer to Note 17(b) for the nature and extent of credit risk arising from contractual receivables.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 7. Non-current assets classified as held for sale

	2013	2012
	$	$
Non-current assets		
Plant and equipment under finance lease	**-**	50,722
Total non-current assets classified as held for sale	**-**	**50,722**

Notes to the financial statements
For the financial year ended 30 June 2013

Note 8. Property, plant and equipment

Table 8.1. Classification by 'Purpose Group' (i) - Carrying amounts

	Public Safety and Environment	
	2013	2012
	$	$
Nature based classification (i)		
Buildings at fair value	**4,785,000**	4,785,000
less accumulated depreciation	**(638,318)**	(319,160)
	4,146,682	**4,465,840**
Plant, equipment and vehicles at fair value:		
Plant and equipment at fair value	**10,324,963**	9,113,508
less accumulated depreciation	**(5,204,268)**	(4,471,102)
	5,120,695	**4,642,406**
Plant and equipment under finance lease at fair value	**280,270**	253,024
less accumulated depreciation	**(70,204)**	(171,430)
	210,066	**81,594**
Net carrying amount of Property, plant and equipment	**9,477,443**	**9,189,840**

Note:
(i) Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon Government Purpose Classifications. All assets within a purpose group are further sub-categorised according to the asset's 'nature' (i.e. buildings, plant and equipment etc), with each sub-category being classified as a separate class of asset for financial reporting purposes.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 8. Property, plant and equipment (continued)

Table 8.2. Classification by 'Public Safety and Environment' Purpose Group - Movements in carrying amounts

	Buildings at fair value		Plant and equipment at cost		Plant and equipment under finance lease at cost		Total	
	2013 $	2012 $	**2013 $**	2012 $	**2013 $**	2012 $	**2013 $**	2012 $
Opening balance	**4,465,840**	**4,785,000**	**4,642,406**	**3,889,635**	**81,594**	**200,865**	**9,189,840**	**8,875,500**
Additions	**-**	-	**1,359,969**	1,402,339	**216,057**	27,766	**1,576,026**	1,430,105
Disposals	**-**	-	**-**	-	**(20,071)**	(25,454)	**(20,071)**	(25,454)
Machinery of government transfer out	**-**	-	**(44,181)**	-	**-**	-	**(44,181)**	-
Transfer to assets classified as held for sale	**-**	-	**-**	-	**-**	(50,722)	**-**	(50,722)
Depreciation expense	**(319,158)**	(319,160)	**(837,499)**	(649,568)	**(67,514)**	(70,861)	**(1,224,171)**	(1,039,589)
Closing balance	**4,146,682**	**4,465,840**	**5,120,695**	**4,642,406**	**210,066**	**81,594**	**9,477,443**	**9,189,840**

Note:
(i) Fair value assessments have been performed for all classes of assets within this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2015.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 8. Property, plant and equipment (continued)

The following useful lives of assets are used in the calculation of depreciation:

Buildings	15 years
Plant, equipment and vehicles (inc. leased assets)	3 to 15 years

Freehold buildings carried at fair value
An independent valuation of the Institute's buildings was performed by the Valuer-General Victoria to determine the fair value of the buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings of comparable size and location to the Institute. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2011.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 9. Payables

	2013 $	2012 $
Current payables		
Contractual		
Supplies and services	**1,108,697**	1,131,809
Amounts payable to government and agencies [(i)]	**14,828**	22,600
	1,123,525	**1,154,409**
Statutory		
Fringe benefits tax payable	**17,549**	17,552
Total current payables	**1,141,074**	**1,171,961**
Total payables	**1,141,074**	**1,171,961**

Note:
(i) Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

(a) Maturity analysis of contractual payables

Please refer to Table 17.4 in Note 17 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 17 for the nature and extent of risks arising from contractual payables.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 10. Borrowings

	2013 $	2012 $
Current borrowings		
Lease liabilities [(i)] (Note 14)	**57,618**	108,403
Total current borrowings	**57,618**	**108,403**
Non-current borrowings		
Lease liabilities [(i)] (Note 14)	**153,310**	21,887
Total non-current borrowings	**153,310**	**21,887**
Total borrowings	**210,928**	**130,290**

Note:
(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(a) Maturity analysis of borrowings

Please refer to Table 17.4 in Note 17 for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 17 for the nature and extent of risks arising from borrowings.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 11. Provisions

	2013 $	2012 $
Current provisions		
Employee benefits [i] (Note 11(a)) - annual leave and long service leave:		
Unconditional and expected to settle within 12 months [ii]	**2,989,583**	2,875,264
Unconditional and expected to settle after 12 months [iii]	**1,391,380**	1,030,630
Provisions related to employee benefit on-costs (Note 11(a)) and Note 11(b)):		
Unconditional and expected to settle within 12 months [ii]	**608,302**	530,107
Unconditional and expected to settle after 12 months [iii]	**215,135**	164,198
Total current provisions	**5,204,400**	**4,600,199**
Non-current provisions		
Employee benefits [i] (Note 11(a))	**533,519**	635,983
Employee benefits on-costs	**82,385**	96,752
Other provisions	**129,000**	-
Total non-current provisions	**744,904**	**732,735**
Total provisions	**5,949,304**	**5,332,934**

(a) Employee benefits and related on-costs [i]

	2013 $	2012 $
Current employee benefits		
Annual leave entitlements	**1,412,137**	1,260,574
Long service leave entitlements	**2,968,827**	2,645,320
Non-current employee benefits		
Long service leave entitlements	**533,519**	635,983
Total employee benefits	**4,914,483**	**4,541,877**
Current on-costs	**823,436**	694,305
Non-current on-costs	**82,385**	96,752
Total on-costs	**905,821**	**791,057**
Total employee benefits and related on-costs	**5,820,304**	**5,332,934**

Notes:
(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts.
(iii) The amounts disclosed are discounted to present values.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 11. Provisions (continued)

(b) Movement in provisions

	On-costs 2013 $	Other provisions 2013 $	Total 2013 $	Total 2012 $
Opening balance	**791,057**	**-**	**791,057**	773,342
Additional provisions recognised	**114,764**	**129,000**	**243,764**	17,715
Closing balance	**905,821**	**129,000**	**1,034,821**	791,057
Current	**823,436**	**-**	**823,436**	694,305
Non-current	**82,385**	**129,000**	**211,385**	96,752
	905,821	**129,000**	**1,034,821**	791,057

Notes to the financial statements
For the financial year ended 30 June 2013

Note 12. Other liabilities

	2013 $	2012 $
Other liabilities [(i)]	**774,432**	563,218
Total other liabilities	**774,432**	**563,218**

Note:
(i) Income received in advance for International programs.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 13. Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Institute does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial report.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Institute.

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

Fund	**Paid contribution for the year**		**Contribution outstanding at year end**	
	2013 **$**	2012 $	**2013** **$**	2012 $
Defined benefit plans				
State Superannuation Fund - revised and new	**138,420**	152,676	**-**	-
Defined contribution plans				
VicSuper	**792,474**	736,461	**-**	-
Other	**680,256**	678,217	**-**	-
Total	**1,611,150**	**1,567,354**	**-**	**-**

Note:
(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 14. Leases

Disclosure for lessees - finance leases

Leasing arrangements
Finance leases relate to motor vehicles with lease terms of 3 years.

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2013	2012	**2013**	2012
	$	$	**$**	$
Finance lease liabilities payable				
Not longer than one year	**69,669**	110,556	**57,618**	108,403
Longer than one year but not longer than five years	**161,431**	23,858	**153,310**	21,887
Minimum future lease payments	**231,100**	**134,414**	**210,928**	**130,290**
Less future finance charges	**(20,172)**	(4,124)	**-**	-
Present value of minimum lease payments	**210,928**	**130,290**	**210,928**	**130,290**
Included in the financial statements as:				
Current borrowings lease liabilities (Note 10)			**57,618**	108,403
Non-current borrowings lease liabilities (Note 10)			**153,310**	21,887
			210,928	**130,290**

Note:
(i) Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

(a) Maturity analysis of finance lease liabilities

Please refer to Table 17.4 in Note 17(c) for the ageing analysis from finance lease liabilities.

(b) Nature and extent of risk arising finance lease liabilities

Please refer to Note 17 for the nature and extent of risks arising from finance lease liabilities.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 15. Commitments for expenditure

(a) Capital expenditure commitments

There are no capital expenditure commitments in 2013.

2012 - The balance of $0.79M was committed to the tender of a CT scanner and was paid following final configuration of the equipment in September 2012.

(b) Other expenditure commitments

There are no other expenditure commitments. (2012 - Nil).

(c) Lease commitments

Finance lease liabilities are disclosed in Note 14 to the financial statements.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 16. Contingent assets and contingent liabilities

There were no contingent asset and liabilities at balance date not provided for in the Balance sheet. (2012 - Nil).

Notes to the financial statements
For the financial year ended 30 June 2013

Note 17. Financial instruments

(a) Financial risk management objectives and policies

The Institute's principal financial instruments comprise of;

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease payables.

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

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

The carrying amounts of the Institute's contractual financial assets and contractual financial liabilities by category are in Table 17.1.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 17. Financial instruments (continued)

Table 17.1. Categorisation of financial instruments

	Contractual financial assets - loans and receivables $
2013	
Contractual financial assets	
Cash and deposits	**2,342,426**
Receivables	**355,479**
Total contractual financial assets	**2,697,905**

	Contractual financial liabilities at amortised cost $
Contractual financial liabilities	
Payables	**1,123,525**
Borrowings	**210,928**
Total contractual financial liabilities	**1,334,453**

Note:
(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

	Contractual financial assets - loans and receivables $
2012	
Contractual financial assets	
Cash and deposits	2,406,968
Receivables	777,240
Total contractual financial assets	**3,184,208**

	Contractual financial liabilities at amortised cost $
Contractual financial liabilities	
Payables	1,154,409
Borrowings	130,290
Total contractual financial liabilities	**1,284,699**

Note:
(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

Notes to the financial statements
For the financial year ended 30 June 2013

Note 17. Financial instruments (continued)

Table 17.2. Net holding gain/(loss) on financial instruments by category (i)

	Total interest income $
2013	
Contractual financial assets	
Cash and deposits	-
Total contractual financial assets	**-**
Contractual financial liabilities	
Financial liabilities at amortised cost	**12,789**
Total contractual financial liabilities	**12,789**

	Total interest income $
2012	
Contractual financial assets	
Cash and deposits	47,765
Total contractual financial assets	**47,765**
Contractual financial liabilities	
Financial liabilities at amortised cost	9,558
Total contractual financial liabilities	**9,558**

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

The net holding gains or losses disclosed are determined as follows:
- for cash, deposits and receivables, the net gain or loss is calculated by taking the interest revenue; and
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense.

(b) Credit risk

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

Credit risk associated with the Institute's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than Government, it is the Institute'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.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Institute 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 client 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 the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 17. Financial instruments (continued)

Table 17.3. Ageing analysis of contractual financial assets [(i)]

			Past due but not impaired		
	Carrying amount	**Not past due and not impaired**	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**
	$	**$**	**$**	**$**	**$**
2013					
Cash and deposits	**2,342,426**	**2,342,426**	**-**	**-**	**-**
Receivables	**355,479**	**208,471**	**99,293**	**24,148**	**23,567**
	2,697,905	**2,550,897**	**99,293**	**24,148**	**23,567**
2012					
Cash and deposits	2,406,968	2,406,968	-	-	-
Receivables	716,223	357,303	178,535	53,819	126,566
	3,123,191	**2,764,271**	**178,535**	**53,819**	**126,566**

Note:
(i) Ageing analysis of financial assets must exclude the types of statutory financial assets (eg. Amounts owing from Victorian Government).

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Institute does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amount as indicated. The above table discloses the ageing only of financial assets that are past due but not impaired.

(c) Liquidity risk

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

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The following table discloses the contractual maturity analysis for the Institute's contractual financial liabilities.

Notes to the financial statements
For the financial year ended 30 June 2013

Note 17. Financial instruments (continued)

Table 17.4. Maturity analysis of contractual financial liabilities [(i)]

				Maturity dates [(i)]			
	Weighted average interest rate	**Carrying amount**	**Nominal amount**	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**
	%	**$**	**$**	**$**	**$**	**$**	**$**
2013							
Payables [(ii)]		**1,123,525**	**1,123,525**	**1,113,386**	**10,139**	**-**	**-**
Borrowings	6.59%	**210,928**	**231,100**	**8,808**	**11,066**	**49,796**	**161,430**
		1,334,453	**1,354,625**	**1,122,194**	**21,205**	**49,796**	**161,430**
2012							
Payables [(ii)]		1,154,409	1,154,409	1,131,253	-	-	23,155
Borrowings	6.55%	130,290	134,414	69,705	17,472	23,378	23,859
		1,284,698	**1,288,823**	**1,200,959**	**17,472**	**23,378**	**47,014**

Notes:
(i) Maturity analysis is presented using the contractual undiscounted cash flows.
(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

(d) Market risk

The Institute's exposure to market risk is deemed insignificant based on prior periods' data and current assessment of risk.

(e) Fair Value

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

Notes to the financial statements
For the financial year ended 30 June 2013

Note 18. Cash flow information

(a) Reconciliation of cash and cash equivalents

	2013 $	2012 $
Total cash and cash equivalents disclosed in the Balance sheet [(i)]	**2,342,426**	2,406,968
Balance as per Cash flow statement	**2,342,426**	**2,406,968**

Note:
(i) Due to the State of Victoria's investment policy and government funding arrangements, government departments and agencies generally do not hold a large cash reserve in their bank accounts. Cash received by a department and agencies from the generation of revenue is generally paid into the State's bank account, known as the Public Account. Similarly, any departmental or agency expenditure, including those in the form of cheques drawn by the Institute for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that, the Public Account would remit cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the Institute's suppliers or creditors.

(b) Reconciliation of net result for the period

	2013 $	2012 $
Net result for the period	**(65,090)**	**45,617**
Non-cash movements		
Depreciation and amortisation of non-current assets	**1,224,171**	1,039,589
Allowance for doubtful debts	**(8,997)**	2,246
Movements in assets and liabilities		
(Increase)/decrease in receivables	**(253,364)**	53,276
(Increase)/decrease in inventories	**1,424**	(602)
(Decrease)/increase in payables	**(30,887)**	(169,015)
(Decrease)/increase in provisions	**616,370**	306,402
(Decrease)/increase in other liabilities	**211,214**	(150,409)
Net cash flows from/(used in) operating activities	**1,694,841**	**1,127,104**

Notes to the financial statements
For the financial year ended 30 June 2013

Note 19. Responsible Persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* , the following disclosures are made regarding responsible persons for the reporting period.

Names
The persons who held positions of Ministers and Accountable Officers in the Institute are as follows:

Attorney-General	The Hon. Robert Clark, MP	1 July 2012 to 30 June 2013
Acting Attorney-General	The Hon. Gordon Rich-Phillips, MLC	29 June 2013 to 30 June 2013

Council Members of the Institute

Chairperson of the Victorian Institute of Forensic Medicine and Nominee of the Attorney-General	The Honourable John Coldrey QC	1 July 2012 to 30 June 2013
Director of the Victorian Institute of Forensic Medicine	Prof. Stephen Cordner	1 July 2012 to 30 June 2013
During the year the following people held the position of Acting Director	A/Prof. David Ranson	27 November 2012 to 30 November 2012
		14 January 2013 to 25 January 2013
		27 February 2013 to 8 March 2013
		13 May 2013 to 17 May 2013
Nominee of the Attorney-General	Prof. Robert Conyers	1 July 2012 to 30 June 2013
Nominee of the Chief Commissioner of	Mr Luke Corneilius	1 July 2012 to 30 June 2013
Nominee of the Chief Justice	Judge Meryl Sexton	1 July 2012 to 30 June 2013
Nominee of the Council of Monash	Prof. Christina Mitchell	1 July 2012 to 30 June 2013
Nominee of the Minister for Health	Mr Martin Lum	8 August 2012 to 30 June 2013
Nominee of the Minister for Women	Ms Felicity Broughton	1 July 2012 to 30 June 2013
Nominee of the Minister of Community Services	Ms Robyn Miller	17 July 2012 to 30 June 2013
Nominee of the Minister of Police	Mr Neil Robertson	1 July 2012 to 30 June 2013
Nominee of the University of Melbourne	Prof. James Angus	1 July 2012 to 30 June 2013
State Coroner	Judge Ian Gray	1 November 2012 to 30 June 2013

Remuneration
Remuneration received or receivable by the Accountable Officer in connection with the management of the Institute during the reporting period was in the range:

\$450,000 to \$460,000 (\$440,000 to \$450,000 in 2011/12 [(i)]).

Amounts relating to Ministers are reported in the financial report of the Department of Premier and Cabinet.

As per the Governor in Council appointment, members of the VIFM Council are not remunerated.

Related party transactions
Prof. Stephen Cordner who is Director of the Victorian Institute of Forensic Medicine (the Institute) is employed by Monash University.

During the financial year, the Institute and Monash University conducted business transactions at arms length and at normal commercial terms.

Other transactions
Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

[(i)] *Prior year figure restated to include continuing medical education allowance.*

Notes to the financial statements
For the financial year ended 30 June 2013

Note 20. Remuneration of executives

The number of executive officers, other than the Accountable Officer, 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.

Income Band	**Total Remuneration**		**Base Remuneration**	
	2013 No.	2012 No.	**2013 No.**	2012 No.
$180,000 to $189,999	**-**	-	**1**	2
$190,000 to $199,999	**-**	-	**1**	-
$200,000 to $209,999	**1**	2	**-**	-
$210,000 to $219,999	**1**	-	**-**	-
Total number of executives	**2**	2	**2**	2
Total annualised employee equivalent (AAE) (i)	**2**	2	**2**	2
Total amount	**$423,919**	**$406,710**	**$379,993**	**$365,364**

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.*

Notes to the financial statements
For the financial year ended 30 June 2013

Note 21. Remuneration of auditors

	2013 $	2012 $
Victorian Auditor-General's Office		
Audit or review of the financial statements	**24,830**	28,500
	24,830	**28,500**

Notes to the financial statements
For the financial year ended 30 June 2013

Note 22. Glossary of terms and style conventions

Commitments
Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation
Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Effective interest method
The effective interest method is used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Employee benefits expenses
Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Financial asset
A financial asset is any asset that is:
(a) cash;
(b) an equity instrument of another equity;
(c) a contractual or statutory right;
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;

(d) a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability
A financial liability is any liability that is:
(a) a contractual obligation:
(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
(b) a contract that will or may be settled in the entity's own equity instruments and is:
(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements
Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Notes to the financial statements
For the financial year ended 30 June 2013

Interest expense
Costs incurred in connection with the borrowing of funds Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income
Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net acquisition of non-financial assets (from transactions)

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

Net result
Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

Net result from transaction/net operating balance
Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth
Assets less liabilities, which is an economic measure of wealth.

Non-financial assets
Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land buildings, infrastructure and plant and equipment.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes:
- gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans;
- fair value changes of financial instruments; and

In simple terms, other economic flows are changes arising from market re-measurements.

Payables
Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets
Produced assets include buildings, plant and equipment, inventories and certain intangible assets.

Receivables
Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services
Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services
Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Institute.

Notes to the financial statements
For the financial year ended 30 June 2013

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Disclosure index

The Annual report of the Institute is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Institute's compliance with statutory disclosure requirements.

Legislation	Requirement
Ministerial Directions	
Report of Operations - FRD Guidance	
Charter and purpose	
FRD 22C	Manner of establishment and the relevant Ministers
FRD 22C	Objectives, functions, powers and duties
FRD 22C	Nature and range of services provided
Management and structure	
FRD 22C	Organisational structure
Financial and other information	
FRD 8B	Budget portfolio outcomes
FRD 10	Disclosure index
FRD 12A	Disclosure of major contracts
FRD 15B	Executive officer disclosures
FRD 22C, SD 4.2(k)	Operational and budgetary objectives and performance against objectives
FRD 22C	Employment and conduct principles
FRD 22C	Occupational health and safety policy
FRD 22C	Summary of the financial results for the year
FRD 22C	Significant changes in financial position during the year
FRD 22C	Major changes or factors affecting performance
FRD 22C	Subsequent events
FRD 22C	Application and operation of *Freedom of Information Act 1982*
FRD 22C	Compliance with building and maintenance provisions of *Building Act 1993*
FRD 22C	Statement on National Competition Policy
FRD 22C	Application and operation of the *Protected Disclosure Act 2012*
FRD 22C	Details of consultancies over $10,000
FRD 22C	Details of consultancies under $10,000
FRD 22C	Statement of availability of other information
FRD 24C	Reporting of office-based environmental impacts
FRD 25A	Victorian Industry Participation Policy disclosures
FRD 29	Workforce data disclosures
SD 4.5.5	Risk management compliance requirements
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation
SD 4.2(g)	Specific information requirements
SD 4.2(j)	Sign-off requirements
Financial report	
Financial statements required under Part 7 of the FMA	
SD 4.2(a)	Statement of changes in equity
SD 4.2(b)	Operating statement
SD 4.2(b)	Balance sheet
SD 4.2(b)	Cash flow statement
Other requirements under Standing Directions 4.2	
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements
SD 4.2(c)	Compliance with Ministerial Directions
SD 4.2(d)	Rounding of amounts
SD 4.2(c)	Accountable officer's declaration

Disclosure index

Other disclosures as required by FRD's in notes to the financial statements

FRD 9A	Departmental disclosure of administered assets and liabilities by activity
FRD 11	Disclosure of ex-gratia payments
FRD 13	Disclosure of parliamentary appropriations
FRD 21B	Disclosures of Responsible persons and executive officers in the financial report
FRD 102	Inventories
FRD 103D	Non-current physical assets
FRD 104	Foreign currency
FRD 106	Impairment of assets
FRD 109	Intangible assets
FRD 107	Investment properties
FRD 110	Cash flow statements
FRD 112C	Defined benefit superannuation obligations
FRD 113	Investments in subsidiaries, jointly controlled entities and associates
FRD 114A	Financial instruments - General government entities and public non-financial corporations
FRD 119	Contributions by owners

Legislation

Freedom of Information Act 1982
Building Act 1983
Protected Disclosure Act 2012
Victorian Industry Participation Policy Act 2003
Financial Management Act 1994
Multicultural Victoria Act 2004

Victorian Institute
of Forensic Medicine