

# 7.

## Our financial management

Our primary financial objective is to provide cost-effective and value-adding audit and assurance services to Parliament and our public sector fee-paying clients.

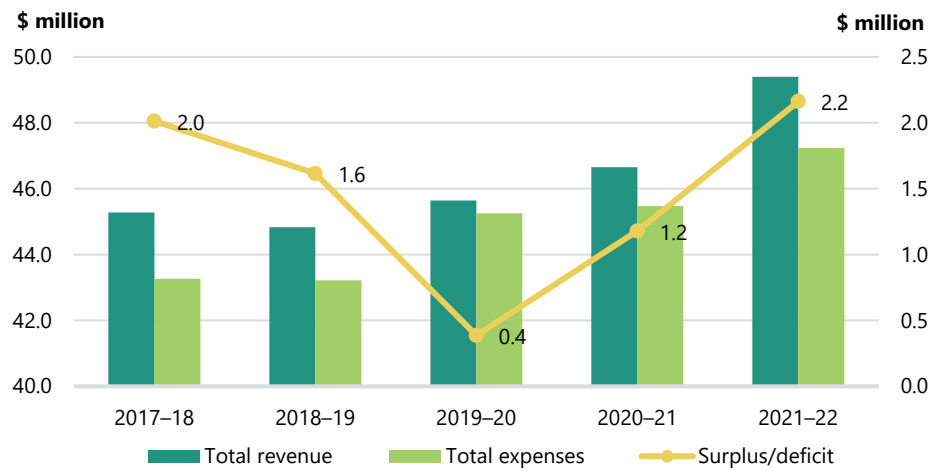
The nature and scope of our business does not change substantially outside of legislative reform. As such, our financial performance and position are historically stable.

This year's financial results reflect our ongoing focus to enhance our staff working-from-home arrangements, in alignment with our Better Normal principles and organisational improvement activities.

## 7.1 Financial year in review

Our net financial result for the year was a surplus of \$2.2 million (2020–21: \$1.2 million).

FIGURE 7A: Five-year financial performance to 30 June 2022

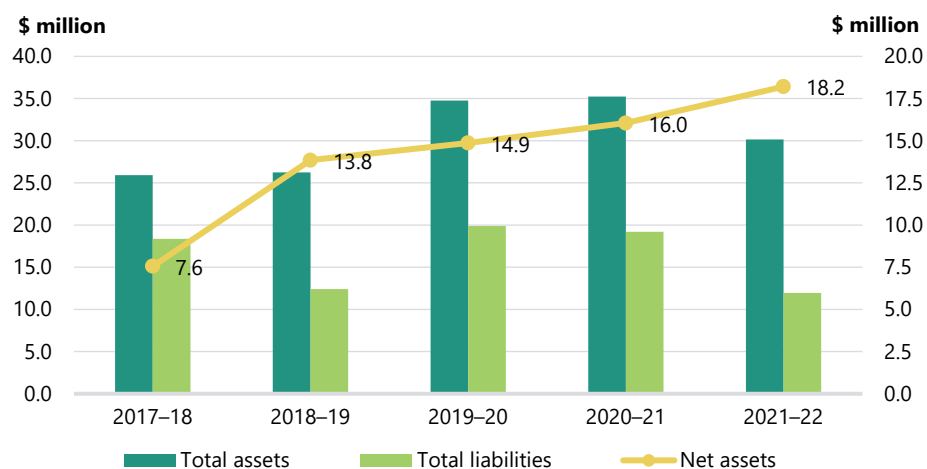


Source: VAGO.

Our financial position at 30 June 2022 continues to be strong, with total assets of \$30.1 million and total liabilities of \$11.9 million, resulting in net assets of \$18.2 million (30 June 2021: \$16.0 million).

On 1 December 2021, we exited our lease agreement for level 32, 35 Collins Street, Melbourne. This resulted in a reduction in total assets of \$6.3 million and total liabilities of \$6.7 million, and a net gain on disposal of non-financial assets of \$0.4 million.

FIGURE 7B: Five-year financial position to 30 June 2022



Source: VAGO.

## Surplus/deficit

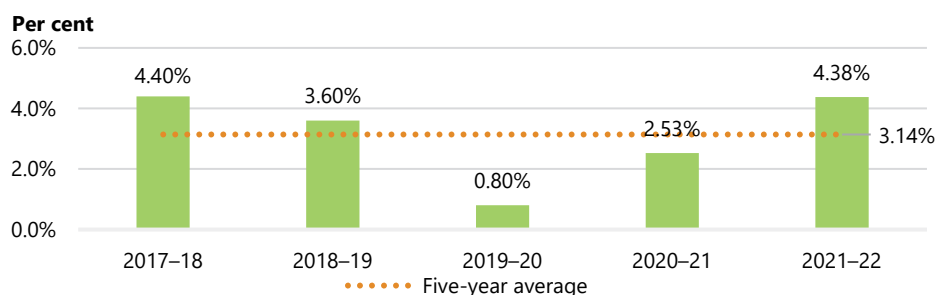
Consistent with our 5-year average result, we continue to operate sustainably and made an operating surplus.

This year's surplus was predominately attributed to exiting our lease agreement for level 32, 35 Collins Street, which resulted in a net gain on disposal of non-financial assets of \$0.4 million, and further cost savings for the remaining year of \$0.9 million due to a reduced tenancy footprint and office operating costs.

We continue to reinvest cost savings into other areas of the organisation—particularly in modernising our audit methods through the use of data science and data analytics, and investing in our replacement audit toolsets.

Our medium-term financial aim is to **break even**, noting deficits may arise due to the timing of our organisational improvement activities.

FIGURE 7C: **Surplus as percentage of total revenue**

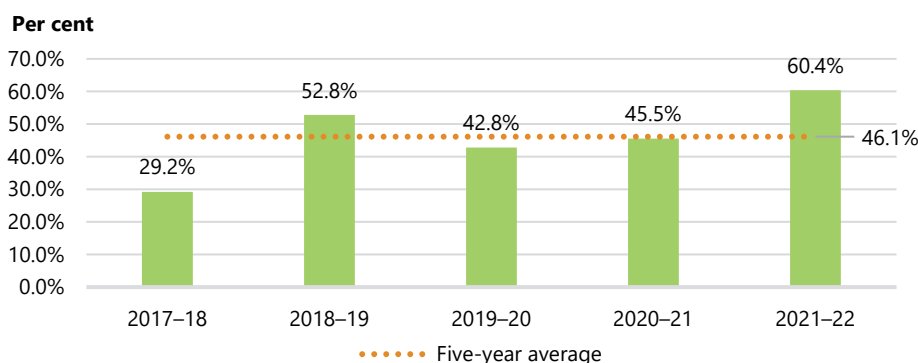


Source: VAGO.

## Net assets

Our continued strong financial position is driven by our historical operating surpluses and strong fiscal management. We anticipate sufficient working capital to fund our operations over the forward estimates period.

FIGURE 7D: **Net assets as a percentage of total assets**



Source: VAGO.

## The future

We continue to budget to break even in the short to medium term, while acknowledging the current resourcing scarcity relating to our staffing requirements and continuing to implement our organisational improvement activities.

## 7.2 Financial performance

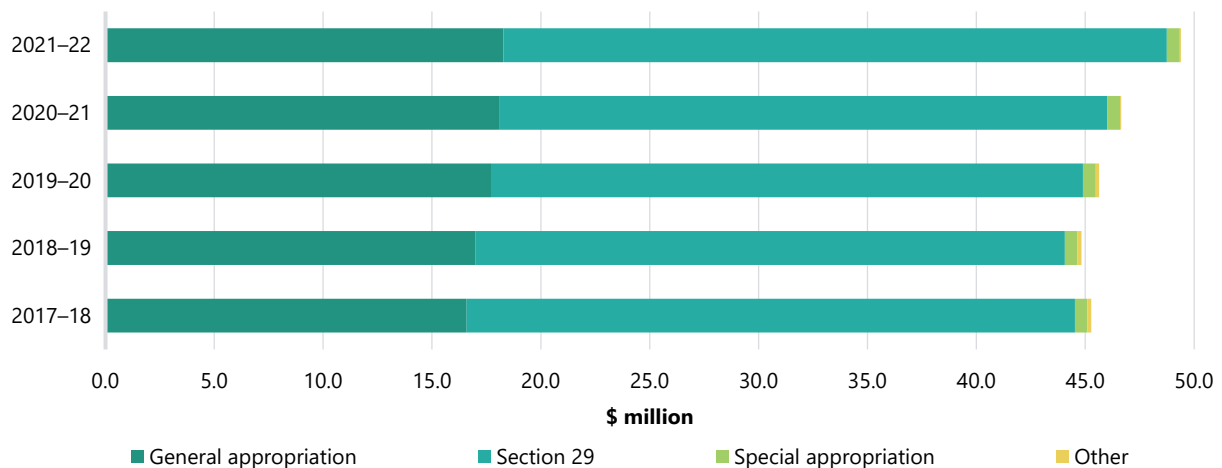
### Revenue

Our total revenue has steadily increased over the past five years to \$49.4 million in 2021–22 (2020–21: \$46.7 million). This increase reflects:

- indexation of our general appropriation
- revisions to our section 29 revenue from audit engagement fees.

VAGO is funded through Parliamentary appropriations and *Financial Management Act 1994* Section 29 revenue.

FIGURE 7E: Revenues from transactions



Source: VAGO.

### Expenses

The majority of our expenses relate to our workforce—employees, contractors and the contracted ASPs we engage to assist us complete our annual financial and performance statement audits and other assurance engagements.

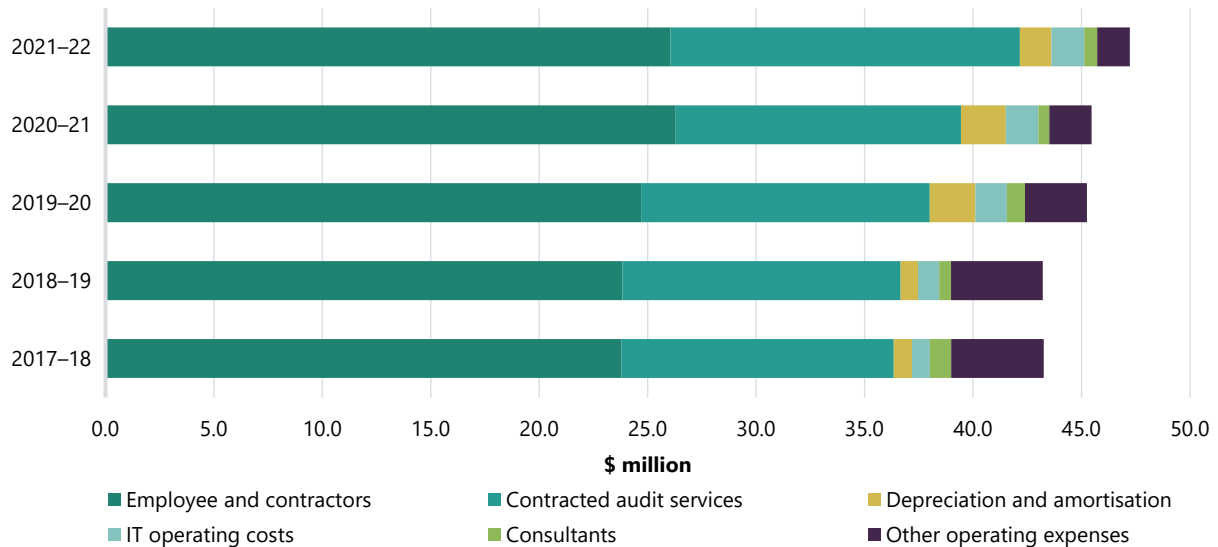
In 2021–22 our employee and contractor costs decreased slightly to \$26.1 million (2020–21: \$26.3 million) despite increases in entitlements under the *Victorian Public Service Enterprise Agreement 2020*. The decrease reflects:

- the impact of resource scarcity (particularly in our performance audit business unit)
- a change in the mix of in-house and outsourced audit engagements—we continued to need additional contractors to complete annual financial and

performance statement audits in 2021–22 due to the impact of COVID-19 disruptions on our capacity to deliver our audit program.

Our expenditure for contracted audit services of \$16.1 million (2020–21: \$13.1 million) was also impacted by the timing of completing work carried out up to 30 June 2022 by our ASPs.

FIGURE 7F: **Expenses from transactions**



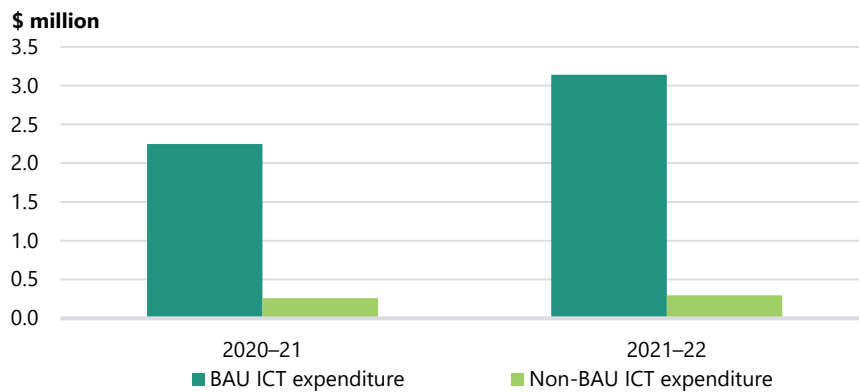
Source: VAGO.

### Information and communications technology expenditure

In 2021–22, we incurred additional information and communications technology (ICT) expenditure (including employee and contractor costs, and depreciation) to provide business-enabling ICT services of \$3.1 million (2020–21: \$2.5 million).

These costs reflect our ongoing investment in ICT solutions to support our staff with working-from-home arrangements and hybrid working solutions. This investment continues to result in cost savings in other expenses.

FIGURE 7G: ICT expenditure



Source: VAGO.

**Business as usual (BAU)** ICT expenditure primarily relates to ongoing activities to operate and maintain existing ICT.

**Non-BAU ICT expenditure** relates to extending or enhancing our current ICT capabilities.

## 7.3 Financial position

### Balance sheet

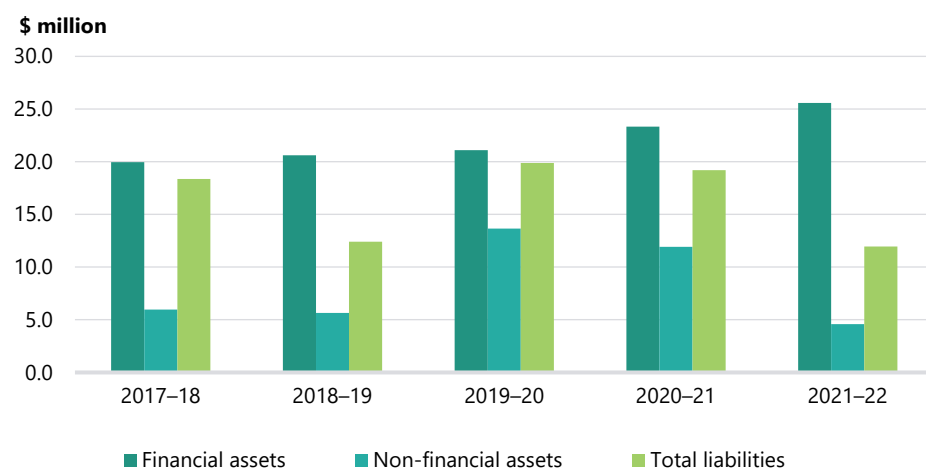
Our total financial assets balance of \$25.6 million (2020-21: \$23.3 million) increased due to the State Administration Unit receivable balance. That is, our operating surpluses are offset by:

- accumulated depreciation of plant and equipment
- the unwinding of our right-of-use asset relating to our leased office premises.

Exiting our lease agreement for level 32, 35 Collins Street on 1 December 2021 resulted in a decrease to non-financial assets of \$6.3 million, consisting of leasehold improvements and right-of-use assets. Further, our total liabilities decreased by \$6.7 million, reflecting the extinguishing of the associated right-of-use liability and lease incentive liability.

The total liabilities balance of \$11.9 million (2020-21: \$19.2 million) was also impacted by the payables balance at 30 June 2022, which is dependent on the timing of ASPs invoicing compared to the timing of our payment.

FIGURE 7H: **Assets and liabilities movement**



Source: VAGO.

## 7.4 Cash flows

### Cash Flow Statement

Our daily bank balance is transferred to the Victorian Government as part of our government banking arrangement.

Figure 7I shows our ending cash balance, and cash flow by activity compared to prior year.

FIGURE 7I: **Cash Flow Statement**

	2021-22 (\$ thousand)	2020-21 (\$ thousand)	Movement from 2020-21 to 2021-22 (\$ thousand)	Percentage change from 2020-21 to 2021-22
Net cash flows from/(used in) operating activities	1 460	1 095	365	(33%)
Net cash flows from/(used in) investing activities	(778)	(148)	(630)	426%
Net cash flows from/(used in) financing activities	(682)	(947)	265	(28%)
Net increase/(decrease) in cash held	-	-	-	-
Cash at the beginning of the financial year	-	-	-	-
<b>Cash at the end of the financial year</b>	-	-	-	-

## 7.5 Other financial matters

### Asset Management Accountability Framework maturity assessment

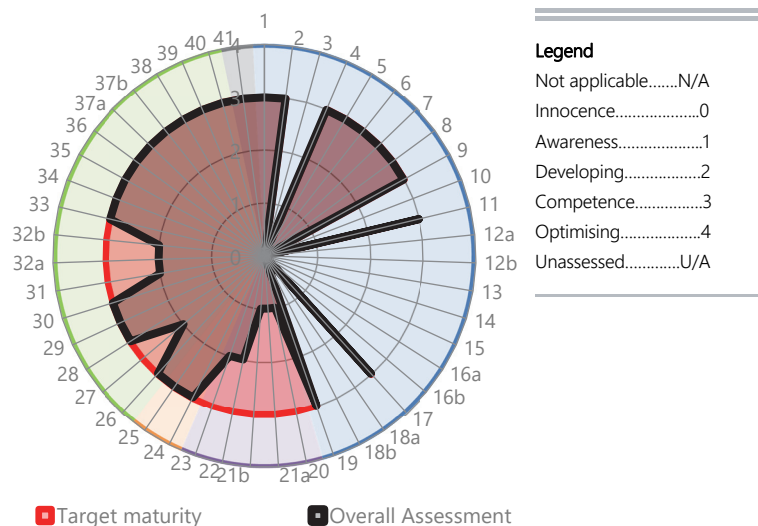
The following section summarises VAGO's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF), shown in Figure 7J.

We have assessed our target maturity rating as 'competence', meaning systems and processes are:

- fully in place
- consistently applied and systematically meeting the AMAF requirements
- subject to a continuous improvement process to expand system performance above AMAF minimum requirements.

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements, published at [www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework](http://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

FIGURE 7J: **AMAF maturity assessment**



Source: VAGO.



FIGURE 7K: **AMAF maturity outcome**

AMAF mandatory requirements	Outcome assessment
Leadership and Accountability (requirements 1–19)	VAGO has met its target maturity level under the requirements within this category, where applicable.
Planning (requirements 20–23)	There is no material non-compliance reported in this category. VAGO did not comply with the requirement for developing an asset management strategy as VAGO did not assess any of their assets as critical (that is, any failures would not result in the incapability to deliver important services).
Acquisition (requirements 24 and 25)	VAGO has met its target maturity level under the requirements within this category.
Operation (requirements 26–40)	There is no material non-compliance reported in this category. Given VAGO has not assessed any of their assets as critical, VAGO have not established a process to identify potential asset performance failures, or a formal asset maintenance program.
Disposal (requirement 41)	VAGO has met its target maturity level under the requirements within this category.

## Local Jobs First

The *Local Jobs First Act 2003* brings together 2 policies that were previously administered separately:

- Victorian Industry Participation Policy
- Major Project Skills Guarantee policy.

Under Section 3 of the *Financial Management Act 1994*, VAGO is required to apply the Local Jobs First policy to all projects valued at:

- \$3 million or more in metropolitan Melbourne or for state-wide projects
- \$1 million or more for projects in regional Victoria
- \$50 million or more and that are classified as strategic.

All projects valued at \$50 million or above are automatically classified as **Strategic Projects**, or as declared by the Minister for Industry Support and Recovery.

## Projects commenced—Local Jobs First Strategic

In 2019, VAGO commenced one Local Jobs First Strategic Project—the ASP Panel Requalification and Tendering Policy Refresh—to ensure our ASP panel met the needs of Australian Auditing Standards, requirements mandated under the Act, and VAGO’s information security framework.

As advised by the Minister for Industry Support and Recovery, the project is based in metropolitan Melbourne and represents an estimated 97 per cent local content.

The outcomes of this panel refresh concluded at the end of 2020, and 2 quotation rounds for our audit client engagements to the refreshed panel completed during the period.

In 2021–22, the outcomes reported from the implementation of the project where information was provided were:

- a recorded average of 100 per cent of local content
- preparation of a Local Industry Development Plan for contracts by 7 ASPs who were successfully appointed as a principal contractor.

## Office of the Auditor-General consultancies

In 2021–22, we engaged 2 consultants with a total fee payable greater than \$10,000 (excluding GST) (2020–21: 3 consultants).

We also engaged 2 consultants where the total fee payable was less than \$10,000. The actual cost was \$9,600 (excluding GST) (2020–21: 1 consultant at a cost of \$8,800).

FIGURE 7L: **Consultancies—payments in excess of \$10 000 (excluding GST)**

Consultant	Purpose of consultancy	Start date	End date	Approved project fee (\$ thousand)	Expenditure 2021–22 (\$ thousand)	Future expenditure (\$ thousand)
BizData Pty Ltd	Data analytics program	27-Sep-21	31-Dec-22	72	36	36
Content Smith Group Pty Ltd	Digital engagement and marketing	10-Apr-21	31-Mar-22	73	75	-
David Nolan	Audit quality review	10-Feb-22	31-May-22	16	16	-
Denis Thorn	Audit quality review	29-Nov-21	31-Jan-22	13	13	-
McGlinn Consulting Group	Audit quality review	20-Feb-22	15-Jun-22	30	27	3
Orima Research Pty Ltd	Client survey program	29-Nov-21	30-Jun-22	90	90	-
Risk Insights Pty Ltd	Limited assurance review	6-Jan-21	30-May-21	108	22	-

## Performance audit consultants

In 2021–22 we paid \$639,000 to 9 consultants for performance audit related services (2020–21: \$292,000 to 10 consultants).

FIGURE 7M: **Payments to performance audit consultants<sup>(i)</sup>**

Performance audit consultants	2021–22 (\$ thousand)	2020–21 (\$ thousand)
4 Consulting Pty Ltd	38	-
ARRB Group Ltd	-	10
Aspex Consulting	83	163
Cube Group	29	1
Frontier Economics Pty Ltd	170	-
Guidera Consulting Group Pty Ltd	-	23
Risk Insights Pty Ltd	188	-
Riskwest Pty Ltd	79	-

Performance audit consultants	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Synergies Economic Consulting Pty Ltd	15	64
Victorian Government Solicitor	33	-
Other—1 (2020–21: 5)	4	31
<b>Total</b>	<b>639</b>	<b>292</b>

Note: (i) The number and value of performance audit consultants vary annually based on the scope and subject matter of the performance audit, and usually engaged for one-off engagements only.

## Financial audit contracted audit services

In 2021–22, we paid \$15.1 million to 32 audit firms and consultants that provided financial and performance statement audit related services (2020–21: \$12.8 million to 37 audit firms and consultants).

FIGURE 7N: **Payments to financial audit contracted audit services**

Audit service provider and consultants	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Accounting and Auditing Solutions	72	53
AFS & Associates Pty Ltd	93	12
BDO Services Pty Ltd	178	71
Count Pro Pty Ltd	22	44
Crowe Audit Australia	1 461	813
Crowe Horwath Albury	621	440
Crowe Horwath Vic	713	481
Crowe Horwath West Vic	-	17
Crowe Murray Darling	21	-
Cube Group	38	-
Davidsons Assurance Services Pty Ltd	30	44
Deloitte Financial Advisory Pty Ltd	-	20
DFK Kidsons	234	222
DMG Audit and Advisory	271	283
Ernst & Young	1 557	1 673
Frontier Economics Pty Ltd	77	66
Grosvenor Procurement Advisory	-	27

Audit service provider and consultants	2021–22 (\$ thousand)	2020–21 (\$ thousand)
HLB Mann Judd (VIC Partnership)	2 811	2 470
Johnsons MME	526	584
KPMG	193	132
LD Assurance	80	80
McLaren Hunt	339	516
McLean Delmo Bentleys Pty Ltd	372	440
Pitcher Partners	22	22
Pitcher Partners Corporate Pty Ltd	25	18
Protiviti Pty Ltd	196	-
RSD Audit	1 863	1 099
RSM Australia Pty Ltd	3 246	2 868
Shine Wing Australia	14	38
The Heron Partnership Pty Ltd	15	-
The University of Melbourne	-	145
William Buck Audit (Vic) Pty Ltd	27	-
Other—4 (2020–21: 10)	19	81
<b>Total</b>	<b>15 136</b>	<b>12 759</b>

## Whole-of-government financial statements

Figure 7O is a comprehensive operating statement for the parliament portfolio, providing a comparison between our actual financial statements and the budgeted financial information published in the *Statement of Finances 2021–22: Budget Paper No.5*.

This financial data has been prepared on a consolidated basis and includes all general government sector entities within the portfolio. Financial transactions and balances are classified into either controlled or administered categories, in the context of the published statements in *Budget Paper No.5*.

Figure 7O is not subject to audit and is prepared on the same basis as Budget Paper No.5.

Budget figures are as published in *Budget Paper No.5* (shown in \$ millions).

FIGURE 70: **Comprehensive operating statement for parliament (including VAGO)**  
for the financial year ended 30 June 2021

	<i>Budget</i>		<i>Actual</i>		<i>Variance</i>
	Parliament (excluding VAGO) (\$ thousand)	VAGO (\$ thousand)	Parliament (including VAGO) (\$ thousand)	VAGO (\$ thousand)	VAGO (\$ thousand)
<b>Income from transactions</b>					
Output appropriations	236 578	46 002	282 580	48 746	2 744
Special appropriations	55 515	616	56 131	600	(16)
Sale of goods and services (including other income)	-	-	-	9	9
Fair value of services received free of charge or for nominal consideration	-	42	42	40	(2)
<b>Total income from transactions</b>	<b>292 093</b>	<b>46 660</b>	<b>338 753</b>	<b>49 395</b>	<b>2 735</b>
<b>Expenses from transactions</b>					
Employee benefits	194 969	26 166	221 135	26 050	116
Depreciation	34 753	2 063	36 816	1 453	610
Interest expense	1 202	327	1 529	180	147
Other operating expenses	62 134	18 117	80 251	20 121	(2 004)
<b>Total expenses from transactions</b>	<b>293 058</b>	<b>46 673</b>	<b>339 731</b>	<b>47 804</b>	<b>(1 131)</b>
<b>Net result from transactions (net operating balance)</b>	<b>(965)</b>	<b>(13)</b>	<b>(978)</b>	<b>1 591</b>	<b>1 604</b>
<b>Other economic flows – other comprehensive income</b>					
Other	-	-	-	571	(571)
<b>Total other economic flows – other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 162</b>	<b>(2 162)</b>
<b>Comprehensive result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 162</b>	<b>(2 162)</b>

## 7.6 Financial statements

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### 7.6.1 Notes to the financial statements

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	2.2. Disaggregated financial information	3.2 Contracted audit services	4.2 Depreciation and amortisation
		3.3 Other operating expenses	4.3 Fair value determination
			4.4 Right-of-use assets and lease liabilities
5. Other assets and liabilities	6. How we financed our operations	7. Risks and valuation judgements	8. Other disclosures
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5.3 Payables	6.3 Contingent assets and contingent liabilities		8.3 Related parties
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			8.5 Subsequent events
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			8.7 Glossary of technical terms
			8.8 Style conventions

## Declaration in the financial statements

The attached financial statements for the Victorian Auditor-General's Office have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 2022 and financial position of the Victorian Auditor-General's Office at 30 June 2022.

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

We authorise the attached financial statements for issue on 24 August 2022.



**Andrew Greaves**

Auditor-General  
Victorian Auditor-General's Office

Melbourne  
24 August 2022



**Anh Ha**

Chief Financial Officer  
Victorian Auditor-General's Office

Melbourne  
24 August 2022

## Independent Auditor's Report to the Victorian Auditor-General's Office

### Opinion

We have audited the accompanying financial statements of the Victorian Auditor-General's Office, which comprise the Balance Sheet as at 30 June 2022, the Comprehensive Operating Statement, Statement of Changes in Equity, and Cash Flow Statement for the year then ended, and accompanying notes comprising a summary of significant accounting policies and other explanatory information, and the declaration in the financial statements.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Victorian Auditor-General's Office as at 30 June 2022 and of its financial performance for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements of the *Financial Management Act 1994*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Other information

The Auditor-General is responsible for the other information. The other information comprises the information included in the Victorian Auditor-General's Office's annual report for the year ended 30 June 2022 but does not include the financial statements and our auditor's report thereon, nor the performance statement and our review report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### The Auditor-General's Responsibility for the Financial Statements

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

In preparing the financial statements, the Auditor-General is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor-General.
- Conclude on the appropriateness of the Auditor-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Auditor-General with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



**PKF**

**Melbourne, 24 August 2022**



**Steven Bradby**

**Partner**

## Comprehensive Operating Statement for the financial year ended 30 June 2022<sup>(i)</sup>

	Note	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Income from transactions</b>			
Output appropriations	2.1	48 746	46 008
Special appropriations	2.1	600	596
Sale of services and other income		49	45
<b>Total income from transactions</b>		<b>49 395</b>	<b>46 649</b>
<b>Expenses from transactions</b>			
Employee and contractors	3.1.1	26 050	26 296
Contracted audit services	3.2	16 114	13 147
Depreciation and amortisation	4.2	1 453	2 071
IT operating costs		1 509	1 501
Consultants		599	500
Other operating expenses	3.3	2 079	2 194
<b>Total expenses from transactions</b>		<b>47 804</b>	<b>45 709</b>
<b>Net result from transactions (net operating balance)</b>		<b>1 591</b>	<b>940</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets <sup>(ii)</sup>	6.1.1	436	27
Other gains/(losses) from other economic flows	3.1.2	135	212
<b>Total other economic flows included in net result</b>		<b>571</b>	<b>239</b>
<b>Net result</b>		<b>2 162</b>	<b>1 179</b>
<b>Comprehensive result</b>		<b>2 162</b>	<b>1 179</b>

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(ii) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from disposals of all non-financial assets.

## Balance Sheet as at 30 June 2022<sup>(i)</sup>

	Note	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Assets</b>			
<b>Financial assets</b>			
Cash	6.1	-	-
Receivables	5.1	25 566	23 322
<b>Total financial assets</b>		<b>25 566</b>	<b>23 322</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	3 990	11 027
Intangible assets		231	239
Other non-financial assets	5.2	365	648
<b>Total non-financial assets</b>		<b>4 586</b>	<b>11 914</b>
<b>Total assets</b>		<b>30 152</b>	<b>35 236</b>
<b>Liabilities</b>			
Payables	5.3	3 602	4 838
Lease liabilities	4.4.1	2 918	8 766
Employee related provisions	3.1.2	5 424	5 586
<b>Total liabilities</b>		<b>11 944</b>	<b>19 190</b>
<b>Net assets</b>		<b>18 208</b>	<b>16 046</b>
<b>Equity</b>			
Accumulated surplus		13 278	11 116
Contributed capital		4 930	4 930
<b>Net worth</b>		<b>18 208</b>	<b>16 046</b>

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

## Cash Flow Statement for the financial year ended 30 June 2022<sup>(i)</sup>

	Note	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Appropriation receipts from government		49 382	46 950
Receipts from other entities		600	597
<b>Total receipts</b>		<b>49 982</b>	<b>47 547</b>
<b>Payments</b>			
Payments to suppliers and employees		(47 158)	(45 220)
Goods and Services Tax paid to the ATO <sup>(ii)</sup>		(1 184)	(583)
Capital asset charge payments		-	(278)
Interest and other costs of finance paid		(180)	(371)
<b>Total payments</b>		<b>(48 522)</b>	<b>(46 452)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.1.1	<b>1 460</b>	<b>1 095</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(778)	(148)
Sales of non-financial assets		-	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(778)</b>	<b>(148)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(682)	(947)
<b>Net cash flows from/(used in) financing activities</b>		<b>(682)</b>	<b>(947)</b>
<b>Net increase/(decrease) in cash held</b>		<b>-</b>	<b>-</b>
Cash at the beginning of the financial year		-	-
<b>Cash at the end of the financial year</b>	6.1	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(ii) Goods and Services Tax paid to the Australian Taxation Office (ATO) is presented on a net basis.

## Statement of Changes in Equity for the financial year ended 30 June 2022<sup>(i)</sup>

	Accumulated surplus (\$ thousand)	Contributed capital (\$ thousand)	Total
<b>Balance at 1 July 2020</b>	<b>9 937</b>	<b>4 930</b>	<b>14 867</b>
Net result for the year	1 179	-	1 179
<b>Balance at 30 June 2021</b>	<b>11 116</b>	<b>4 930</b>	<b>16 046</b>
Net result for the year	2 162	-	2 162
<b>Balance at 30 June 2022</b>	<b>13 278</b>	<b>4 930</b>	<b>18 208</b>

The accompanying notes form part of these financial statements.

Note:

(i) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

## Notes to financial statements

### 1. About this report

The Victorian Auditor-General's Office (VAGO) and the Auditor-General's mandate are established pursuant to:

- the *Constitution Act 1975*, which establishes the role of the Auditor-General and authorises the Auditor-General's complete discretion in the performance and exercise of his functions and powers
- the *Audit Act 1994* (the Act), which establishes the Auditor-General's mandate, provides the legal basis for his powers, and identifies his responsibilities.

A description of VAGO's operations, principal activities and objectives is included in the Report of Operations, which does not form part of these financial statements.

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VAGO is an administrative agency acting on behalf of the Crown. Our address is: Level 31, 35 Collins Street, Melbourne VIC 3000.

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#### 1.1 Basis of preparation and compliance

These general-purpose financial statements:

- are prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) including Interpretations issued by the AASB. They are presented consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.
- cover VAGO as an individual reporting entity and include all of its controlled activities
- are in Australian dollars and use the historical cost convention unless a different measurement basis is specifically disclosed in the associated note
- apply an accrual basis of accounting whereby assets, liabilities, equity, income and expenses are recognised in the reporting period they relate to, regardless of when cash is received or paid
- have been rounded to the nearest \$1,000, unless otherwise stated.

Judgements, estimates and assumptions are made about financial information presented.

- Significant judgements are disclosed in Note 2 and Note 7, where the judgements are applied
- Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors believed reasonable under the circumstances. Actual results may differ from these estimates.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

## 2. Funding delivery of our services

### 2.1 Summary of compliance with annual parliamentary and special appropriations

Provision for outputs are disclosed as 'controlled' activities of VAGO.

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by VAGO and are recognised as income when applied to the purposes defined under the *Appropriation Act 2016*.

#### Output appropriations

Income from the outputs VAGO provides to Parliament is recognised when the outputs have been delivered and the Assistant Treasurer and Treasurer have certified delivery of the outputs in accordance with specified performance criteria as outlined in the Department of Treasury and Finance budget papers.

	<i>Appropriations Act</i>	<i>Financial Management Act</i>			
	Annual appropriation (\$ thousand)	section 29 (\$ thousand)	Total Parliamentary authority (\$ thousand)	Appropriations applied (\$ thousand)	Variance <sup>(i)</sup>
<b>2021–22 controlled</b>					
Provision for outputs	18 282	28 866	47 148	48 746	(1 598)
Recovery of cost of parliamentary reports	–	3	3	–	3
<b>Total 2021–22</b>	<b>18 282</b>	<b>28 869</b>	<b>47 191</b>	<b>48 746</b>	<b>(1 595)</b>
<b>2020–21 controlled</b>					
Provision for outputs	18 112	27 044	45 156	46 008	(852)
Recovery of cost of parliamentary reports	–	2	2	–	2
<b>Total 2020–21</b>	<b>18 112</b>	<b>27 046</b>	<b>45 158</b>	<b>46 173</b>	<b>(850)</b>

Note:

(i) The variance from estimate of 'Provision for outputs' in 2021–22 was due to the variability in financial audit fees charged and retained as per the section 29 agreement.

#### Special appropriations

Under section 94A(6) of the *Constitution Act 1975*, revenue related to costs associated with the Auditor-General's position, such as remuneration and on-costs, are recognised when the amount appropriated for that purpose is due and payable to VAGO.

Authority	Purpose	Appropriations applied	
		2021–22 (\$ thousand)	2020–21 (\$ thousand)
The Constitution Act 1975, section 94A(6)	Costs associated with the Auditor-General	600	596

### FMA section 29 annotated income agreements

Administered transactions are those that are undertaken on behalf of the State of Victoria over which VAGO has no control or discretion.

The income which forms part of a section 29 agreement is recognised by VAGO as an administered item and the receipts paid into the consolidated fund.

Financial audit fees are measured based on the consideration and terms specified in the service agreement with the audit client. VAGO recognises revenue progressively over time as the performance obligations for the services to the audit client are satisfied.

FMA section 29 annotated income agreements are approved by the Treasurer.

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Fee for services</b>		
Audit fees	28 866	27 044
Recovery of cost of parliamentary reports	3	2
<b>Total annotated income agreements</b>	<b>28 869</b>	<b>27 046</b>

## 2.2. Disaggregated financial information

Judgement is required in allocating income and expenditure to specific outputs. The following judgements were made in making the allocations:

- Output appropriation revenue is allocated directly to the output funded by the appropriation.
- Other revenue is allocated on the basis of management estimates of the relative benefits accruing to each output.

Expenses are allocated on the basis of management estimates of the planned direct hours worked by employees against each output. There were no amounts unallocated.

The distinction between controlled and administered items is based on VAGO's ability to deploy the resources in question for its own benefit (controlled items) or on behalf of the State (administered). VAGO remains accountable for transactions involving administered items but does not recognise them in its financial statements, except by way of note disclosure.



## 2.2.1 Departmental outputs

For a description of VAGO's outputs, refer to pages 60 to 67 in the *Report of Operations*.

### Controlled income and expenses for the year ended 30 June 2022

	Parliamentary reports (\$ thousand)		Financial statement audit and assurance reports (\$ thousand)		Total (\$ thousand)	
	2021–22	2020–21	2021–22	2020–21	2021–22	2020–21
<b>Income from transactions</b>						
Output appropriations	18 282	18 112	30 464	27 896	48 746	46 008
Special appropriations	316	298	284	298	600	596
Sale of services and other income	26	23	23	22	49	45
<b>Total income from transactions</b>	<b>18 624</b>	<b>18 433</b>	<b>30 771</b>	<b>28 216</b>	<b>49 395</b>	<b>46 649</b>
<b>Expenses from transactions</b>						
Employee expenses	12 375	13 468	13 675	12 828	26 050	26 296
Contracted audit services	969	286	15 145	12 861	16 114	13 147
Depreciation	765	976	688	1 095	1 453	2 071
IT operating costs	795	708	714	793	1 509	1 501
Consultants	466	256	133	244	599	500
Other operating expenses	1 095	1 124	984	1 070	2 079	2 194
<b>Total expenses from transactions</b>	<b>16 465</b>	<b>16 818</b>	<b>31 339</b>	<b>28 891</b>	<b>47 804</b>	<b>45 709</b>
<b>Net result from transactions (net operating balance)</b>	<b>2 159</b>	<b>1 615</b>	<b>(568)</b>	<b>(675)</b>	<b>1 591</b>	<b>940</b>
<b>Other economic flows included in net result</b>						
Net gain/(loss) on non-financial assets	230	14	206	13	436	27
Other gains/(losses) from other economic flows	71	109	64	103	135	212
<b>Total other economic flows included in net result</b>	<b>301</b>	<b>123</b>	<b>270</b>	<b>116</b>	<b>571</b>	<b>239</b>
<b>Net result</b>	<b>2 460</b>	<b>1 738</b>	<b>(298)</b>	<b>(559)</b>	<b>2 162</b>	<b>1 179</b>
<b>Comprehensive result gain/(loss)</b>	<b>2 460</b>	<b>1 738</b>	<b>(298)</b>	<b>(559)</b>	<b>2 162</b>	<b>1 179</b>

## Controlled assets and liabilities as at 30 June 2022

	Parliamentary reports (\$ thousand)		Financial statement audit and assurance reports (\$ thousand)		Total (\$ thousand)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Assets</b>						
Financial assets	<b>8 749</b>	8 563	<b>16 817</b>	14 759	<b>25 566</b>	23 322
Non-financial assets	<b>1 569</b>	4 375	<b>3 017</b>	7 539	<b>4 586</b>	11 914
<b>Total assets</b>	<b>10 318</b>	<b>12 938</b>	<b>19 834</b>	<b>22 298</b>	<b>30 152</b>	<b>35 236</b>
<b>Liabilities</b>						
<b>Total liabilities</b>	<b>4 087</b>	<b>7 046</b>	<b>7 857</b>	<b>12 144</b>	<b>11 944</b>	<b>19 190</b>
<b>Net assets</b>	<b>6 231</b>	<b>5 892</b>	<b>11 977</b>	<b>10 154</b>	<b>18 208</b>	<b>16 046</b>

### 2.2.2 Administered items

Administered income includes recovery of audit costs incurred for performing financial and performance statement audits. VAGO does not control the income and assets arising from audit fees and collects these amounts on behalf of the State. The income and related assets are disclosed as Administered Items. As VAGO has an annotated income agreement for financial audit fees, the output appropriation, used to fund the costs of financial audit services (see Note 2.1), is increased by an equivalent amount.

Administered expenses include payments made on behalf of the State and payments into the Consolidated Fund. Administered assets include government income earned but not yet collected. Administered liabilities include government expenses incurred but not yet paid.

Both controlled and administered items of VAGO are consolidated into the financial statements of the state.

Administered (non-controlled) items for the financial year ended  
30 June 2022

	2021-22 (\$ thousand)	2020-21 (\$ thousand)
<b>Administered income from transactions</b>		
Reimbursement of audit costs charged	30 464	27 896
Miscellaneous income	-	2
<b>Total administered income from transactions</b>	<b>30 464</b>	<b>27 898</b>
<b>Administered expenses from transactions</b>		
Payments into the Consolidated Fund	30 464	27 898
<b>Total administered expenses from transactions</b>	<b>30 464</b>	<b>27 898</b>
<b>Total administered net result from transactions (net operating balance)</b>	<b>-</b>	<b>-</b>
<b>Administered other economic flows included in administered net result</b>		
Net gain / (loss) on non-financial assets	-	-
<b>Total administered comprehensive result</b>	<b>-</b>	<b>-</b>
<b>Administered assets</b>		
Financial assets <sup>(i)</sup>	4 274	5 146
Non-financial assets (work in progress)	4 090	2 396
<b>Total administered assets</b>	<b>8 364</b>	<b>7 542</b>
<b>Administered liabilities</b>		
Amounts owing to the state	8 364	7 542
<b>Total administered liabilities</b>	<b>8 364</b>	<b>7 542</b>
<b>Total administered net assets</b>	<b>-</b>	<b>-</b>

Note:

(i) Receivables comprise financial statement audit debtors and are deemed wholly collectable.

## 3. The cost of delivering our services

### 3.1 Employees and contractors

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

The amounts recognised in relation to superannuation are the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for termination of employment. Termination benefits are recognised when VAGO is either demonstrably committed to terminating the employees' employment according to a formal plan which has no possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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VAGO does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees.

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#### 3.1.1 Employee benefits included in the Comprehensive Operating Statement

	Note	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Salaries and wages, annual leave and long service leave		<b>23 876</b>	24 417
Defined contribution superannuation expense	3.1.3	<b>2 123</b>	1 830
Defined benefit superannuation expense	3.1.3	<b>51</b>	49
<b>Total employee expenses</b>		<b>26 050</b>	<b>26 296</b>

#### 3.1.2 Employee benefits provisions in the Balance Sheet

A 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 and recorded as an expense during the period the services are delivered.

	2021-22 (\$ thousand)	2020-21 (\$ thousand)
<b>Current provisions</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	2 074	2 115
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	421	431
Unconditional and expected to settle after 12 months	1 890	2 001
<b>Total provision for on-costs</b>	<b>738</b>	<b>698</b>
<b>Total current provisions for employee benefits</b>	<b>5 123</b>	<b>5 245</b>
<b>Non-current provisions</b>		
<b>Total non-current provisions for employee benefits</b>	<b>301</b>	<b>341</b>
<b>Total provisions for employee benefits</b>	<b>5 424</b>	<b>5 586</b>
<b>Reconciliation of movement in on-cost provision</b>		
Opening balance	743	
Additional provisions recognised	40	
<b>Closing balance</b>	<b>783</b>	
Current	738	
Non-current	45	
<b>Total provisions for on-costs</b>	<b>783</b>	

### Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised:

- as current liabilities because VAGO does not have an unconditional right to defer settlement of these liabilities
- at remuneration rates which are current at the reporting date and measured at undiscounted amounts as it is expected the wages and salaries liabilities will be wholly settled within 12 months of reporting date.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment they relate to has occurred.

No provision has been made for sick leave as it is non-vesting and not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future.

## Long-service leave

If	Then classified as	Because	Measured at
Unconditional	Current liability even where VAGO does not expect to settle within 12 months	VAGO does not have an unconditional right to defer settlement of the entitlement should an employee take leave within 12 months	<ul style="list-style-type: none"> <li>Undiscounted value where VAGO expects to wholly settle within 12 months</li> <li>Present value where VAGO does not expect to wholly settle within 12 months</li> </ul>
Conditional	Non-current liability	There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service	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 which are recognised as an 'other economic flow', in the net result.

### 3.1.3 Superannuation contributions

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of VAGO.

	<i>Paid contribution for the year</i>		<i>Contribution outstanding at year end</i>	
	2021–22 (\$ thousand)	2020–21 (\$ thousand)	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Defined benefit plans</b>				
State Superannuation Fund	51	51	-	-
<b>Defined contribution plans</b>				
VicSuper	1 019	1 102	44	-
Other employee nominated plans	1 137	797	41	-
<b>Total<sup>(i)</sup></b>	<b>2 207</b>	<b>1 950</b>	<b>85</b>	<b>-</b>

Note:

(i) The total paid excludes accruals brought forward at 1 July 2021, and accruals carried forward at 30 June 2022, and therefore does not equal the totals in Note 3.1.1.

## 3.2 Contracted audit services

VAGO contracts certain audit services to external professional firms. Costs incurred under such contracts are recognised as an expense in the reporting period in which they are incurred. At the end of the reporting period, an estimate is made on the value of audit services provided to VAGO not yet invoiced. The value of uninvoiced work is recognised as an accrual in the Balance Sheet, and as an expense in the Comprehensive Operating Statement.

### 3.3 Other operating expenses

Other operating expenses represent day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Training	534	475
Lease payments (accommodation)	413	492
Interest	180	371
Recruitment	166	201
Motor vehicles and travel costs	47	51
Other office expenses	739	604
<b>Total other operating expenses</b>	<b>2 079</b>	<b>2 194</b>

## 4. Key assets to support our output delivery

### Property, plant and equipment

Items of property, plant and equipment are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Subsequently they are measured at fair value less accumulated depreciation and impairment. Fair value is normally determined by reference to the asset's current replacement cost.

### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 4.4 in connection with how the fair values were determined.

## 4.1 Property, plant and equipment

	Gross carrying amount (\$ thousand)		Accumulated depreciation (\$ thousand)		Net carrying amount (\$ thousand)	
	2021–22	2020–21	2021–22	2020–21	2021–22	2020–21
Right-of-use asset—property	3 757	10 380	(1 425)	(2 622)	2 332	7 758
Right-of-use asset—vehicles	71	204	(18)	(27)	53	177
Leasehold improvements	1 722	4 750	(875)	(1 937)	847	2 813
Furniture, fittings and equipment	140	140	(140)	(114)	-	26
Computer software and equipment	1 662	1 015	(904)	(762)	758	253
<b>Total property, plant and equipment</b>	<b>7 352</b>	<b>16 489</b>	<b>(3 362)</b>	<b>(5 462)</b>	<b>3 990</b>	<b>11 027</b>

### 4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

	Right-of-use asset—property (\$ thousand) <sup>(i)</sup>	Right-of-use asset—vehicles (\$ thousand) <sup>(i)</sup>	Leasehold improvements (\$ thousand) <sup>(i)</sup>	Furniture, fittings and equipment (\$ thousand)	Computer software and equipment (\$ thousand)	Total (\$ thousand)
<b>Balance at 1 July 2020</b>	<b>9 069</b>	<b>112</b>	<b>3 288</b>	<b>54</b>	<b>274</b>	<b>12 797</b>
Additions	-	157	-	-	108	265
Depreciation	(1 311)	(29)	(475)	(28)	(129)	(1 972)
Disposals	-	(63)	-	-	-	(63)
<b>Balance at 30 June 2021</b>	<b>7 758</b>	<b>177</b>	<b>2 813</b>	<b>26</b>	<b>253</b>	<b>11 027</b>
Additions	-	-	-	-	648	648
Disposals	(4 600)	(104)	(1 666)	-	-	(6 370)
Depreciation	(826)	(20)	(300)	(26)	(143)	(1 315)
<b>Balance at 30 June 2022</b>	<b>2 332</b>	<b>53</b>	<b>847</b>	<b>-</b>	<b>758</b>	<b>3 990</b>

Note:

(i) On 1 December 2021, VAGO surrendered part of the right-of-use lease relating to the office premises at level 32, 35 Collins Street. The reduction in value of the right-of-use lease asset and disposal of the associated leasehold improvements is disclosed above. The lease liability relating to the part of the right-of-use lease retained (level 31) is disclosed in Note 4.4.1.

At the date of disposal, the remaining right-of-use asset and right-of-use lease liability were remeasured using the discount rate prevailing at the date of disposal. The resulting gain on non-financial assets is disclosed as an Other economic flow in the Comprehensive Operating Statement. Lease commitments on the retained lease are disclosed in Note 6.2.1.

## 4.2 Depreciation and amortisation

### Useful lives

All property, plant and equipment are depreciated as an expense on a straight-line basis, less any estimated residual value, over their estimated useful lives. Leasehold



improvements and right-of-use assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when the asset is available for use in the location and condition necessary for it to be capable of operating in the manner management intended.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. Estimated useful lives for the different asset classes for current and prior years are included in the table below.

Asset	Useful life (years)
Right-of-use asset—property	8
Right-of-use asset—vehicles	3
Leasehold improvements	2–10
Furniture, fittings and equipment	2–10
Computer software and equipment	3–4

### Impairment

The recoverable amount of assets are expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

## 4.3 Fair value determination

Fair value determination requires judgement and the use of assumptions. Changes to assumptions could have a material impact on the results and financial position of VAGO.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value
- plant and equipment.

### Fair value hierarchy

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- a reconciliation of the movements in fair values from the beginning of the year to the end; and
- details of significant unobservable inputs used in the fair value determination.

#### 4.3.1 Fair value determination of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised at the balance date, consisting of cash, receivables, payables and borrowings, represent fair value.

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**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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#### 4.3.2 Fair value determination: non-financial physical assets

All non-financial physical assets are classified as Level 3 in the fair value hierarchy. There have been no transfers between levels during the period. Note 4.1.1 provides a reconciliation of movements in the carrying amount of plant and equipment, including those classified as Level 3.

Significant unobservable inputs have remained unchanged since June 2021.

#### 4.3.3 Description of significant unobservable inputs to Level 3 valuations

2021–22 and 2020–21	Valuation technique	Significant unobservable inputs
Leasehold improvements	Current replacement cost	<ul style="list-style-type: none"><li>• Current replacement cost per unit</li><li>• Useful life of leasehold improvements</li></ul>
Other plant and equipment	Current replacement cost	<ul style="list-style-type: none"><li>• Current replacement cost per unit</li><li>• Useful life of other property, plant and equipment</li></ul>

### 4.4 Right-of-use assets and lease liabilities

#### VAGO as a lessee

VAGO recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and periodically reduced by impairment losses where applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria. Generally, VAGO uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable under a residual value guarantee

- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term and low value leases

VAGO does not have any short-term leases with a term of 12 months or less or low-value asset leases (individual assets worth less than \$10,000).

#### 4.4.1 Lease liabilities

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Maturity analysis—contractual undiscounted cash flows<sup>(i)</sup></b>		
Less than one year	550	1 427
One to five years	2 543	6 358
More than five years	-	2 173
<b>Total undiscounted lease liabilities</b>	<b>3 093</b>	<b>9 958</b>
Less: future finance charges	(175)	(1 192)
<b>Present value of minimum lease payments</b>	<b>2 918</b>	<b>8 766</b>
<b>Lease liabilities included in the Balance Sheet<sup>(i)</sup></b>		
Current	492	1 099
Non-current	2 426	7 667
<b>Total lease liabilities</b>	<b>2 918</b>	<b>8 766</b>

Note:

(i) On 1 December 2021, VAGO surrendered part of the right-of-use lease relating to the office premises at level 32, 35 Collins Street. The lease liability disclosed above relates to the part of the right-of-use lease retained (level 31). The corresponding reduction in value of the right-of use lease asset and disposal of the associated leasehold improvements is disclosed above.

At the date of disposal, the remaining right-of-use asset and right-of-use lease liability were remeasured using the discount rate prevailing at the date of disposal. The resulting gain on non-financial assets is disclosed as an Other economic flow in the Comprehensive Operating Statement. Lease commitments on the retained lease are disclosed in Note 6.2.1.

#### 4.4.2 Amounts recognised in the Comprehensive Operating Statement

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Interest expense on lease liabilities	180	371
<b>Total amount recognised in the Comprehensive Operating Statement</b>	<b>180</b>	<b>-</b>

#### 4.4.3 Amounts recognised in the Statement of Cashflows

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Total cash outflow for leases	958	(947)

### 5. Other assets and liabilities

#### 5.1 Receivables

Receivables consist of statutory receivables which are recognised at fair value plus any directly attributable transaction costs but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Contractual</b>		
Other receivables	24	6
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(i)</sup>	25 542	23 316
<b>Total receivables</b>	<b>25 566</b>	<b>23 322</b>
<b>Represented by</b>		
Current receivables	8 555	8 417
Non-current receivables	17 011	14 905
<b>Total receivables</b>	<b>25 566</b>	<b>23 322</b>

Note:

(i) The total amount recognised as owing from the Victorian Government was \$25,566,000 (2020–21: \$23,322,000) of which \$8,555,000 (2020–21: \$8,417,000) is likely to be drawn down in the next financial year and is reported accordingly as a current receivable. The amount recognised as owing from the Victorian Government comprises previously applied Parliamentary appropriations not yet drawn down. The balance is represented by accumulated surpluses, payables, movements in provisions and accumulated depreciation and amortisation net of asset acquisition.

## 5.2 Other non-financial assets

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

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Other non-financial assets</b>		
Current prepayments	365	628
Non-current prepayments	-	20
<b>Total other non-financial assets</b>	<b>365</b>	<b>648</b>

## 5.3 Payables

Payables consist of:

- contractual payables, classified as financial instruments, measured at amortised cost. Accounts payable represent liabilities for goods and services provided prior to the end of the financial year that are unpaid.
- statutory payables are recognised and measured similarly to contractual payables, but not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

For the maturity analysis of contractual payables, see Note 7.1.2.

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Contractual</b>		
Supplies and services <sup>(i)</sup>	2 506	1 395
Amounts payable to government and agencies	12	6
Lease incentive <sup>(ii)</sup>	832	2 765
<b>Statutory</b>		
GST payable	124	585
FBT payable	-	11
Other taxes payable	128	76
<b>Total payables</b>	<b>3 602</b>	<b>4 838</b>

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Represented by</b>		
Current payables	<b>2 940</b>	2 540
Non-current payables	<b>662</b>	2 298
<b>Total payables</b>	<b>3 602</b>	<b>4 838</b>

Note:

(i) Supplies and services principally comprised of payables due for contracted audit services.

(ii) Lease incentive payable relates to funding provided by the lessor of VAGO's premises. This is amortised over the term of the lease and credited to the lease liability.

## 6. How we financed our operations

### 6.1 Cash flow information

Due to the State's investment policy and funding arrangements, VAGO does not hold a cash reserve in its bank accounts. Cash received from generation of income is paid into the State's bank account ('public account'). Similarly, VAGO's expenditure is paid via the public account. The public account remits to VAGO the cash required when payments to suppliers have cleared in VAGO's bank account.

#### 6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Net result for the period</b>	<b>2 162</b>	<b>1 179</b>
<b>Non-cash movements</b>		
(Gain)/loss on disposal of non-current assets	<b>(436)</b>	(27)
Depreciation of non-current assets	<b>1 453</b>	2 071
<b>Movements in assets and liabilities</b>		
(Increase) /decrease in receivables	<b>(2 244)</b>	315
(Increase)/decrease in prepayments	<b>283</b>	(95)
Increase/(decrease) in payables	<b>404</b>	(2 840)
Increase/(decrease) in provisions	<b>(162)</b>	492
<b>Net cash flows from/(used in) operating activities</b>	<b>1 460</b>	<b>1 095</b>

## 6.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

### 6.2.1 Lease commitments

	2021-22 (\$ thousand)	2020-21 (\$ thousand)
<b>Lease commitments payable<sup>(i)</sup></b>		
Less than 1 year	242	633
Longer than 1 year but not longer than 5 years	1 108	2 986
5 years or more	-	801
<b>Total lease commitments payable</b>	<b>1 350</b>	<b>4 420</b>
<b>Contract audit service commitments payable<sup>(ii)</sup></b>		
Less than 1 year	8 534	635
Longer than 1 year but not longer than 5 years	8 687	9
5 years or more	-	-
<b>Total contract audit service commitments payable</b>	<b>17 221</b>	<b>644</b>
<b>Total commitments (inclusive of GST)</b>	<b>18 571</b>	<b>5 064</b>
Less GST recoverable from the Australian Taxation Office	(1 688)	(460)
<b>Total commitments (exclusive of GST)</b>	<b>16 883</b>	<b>4 604</b>

Note:

(i) On 1 December 2021, VAGO surrendered part of its right-of-use lease relating to its office premises. Refer to Note 4.1.1 and Note 4.4.1 for further information.

(ii) Contract audit service commitments relate to fees payable to professional firms for the conduct of financial statement audits on behalf of VAGO.

## 6.3 Contingent assets and contingent liabilities

At the reporting date, VAGO was not aware of any contingent assets or contingent liabilities.

## 7. Risks and valuation judgements

### 7.1 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. Certain financial assets and financial liabilities arise under statute rather than a

contract (i.e. taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

VAGO applies AASB 9 *Financial Instruments* and classifies its financial assets based on the business model for managing the assets and its contractual terms.

### Categories of financial assets

#### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by VAGO to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

VAGO recognises the following assets in this category:

- cash
- receivables (excluding statutory receivables).

### Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they 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. VAGO recognises the following liabilities in this category:

- payables (excluding statutory payables)
- lease liabilities.

### Impairment of financial assets

VAGO records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's expected credit loss approach. Subject to AASB 9, impairment assessment include VAGO's contractual receivables and statutory receivables.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.



### 7.1.1 Financial instruments: Categorisation

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Contractual financial assets</b>		
<b>Receivables<sup>(i)</sup></b>		
Other receivables	24	6
<b>Total contractual financial assets</b>	<b>24</b>	<b>6</b>
<b>Contractual financial liabilities at amortised cost</b>		
<b>Payables<sup>(i)</sup></b>		
Supplies and services	2 506	1 395
Amounts payable to government and agencies	12	6
Lease incentive	832	2 765
Other payables	-	-
<b>Borrowings</b>		
Finance lease liabilities	2 918	8 766
<b>Total contractual financial liabilities</b>	<b>6 268</b>	<b>12 932</b>

Note:

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable). Statutory financial assets will be used to cover payment of contractual financial liabilities.

### 7.1.2 Financial risk management objectives and policies

VAGO's financial risk management program seeks to manage exposures to financial risks and the associated volatility of its financial performance.

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 instruments are disclosed in the notes to the financial statements.

The main purpose in holding financial instruments is to prudently manage VAGO's financial risks within the legislative and government policy parameters.

VAGO's main financial risks include credit risk, liquidity risk and interest rate risk.

VAGO uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

#### Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due.

Credit risk associated with VAGO's contractual financial assets is minimal because the main debtor is the Victorian Government.

### Financial instruments: Liquidity risk

The following table discloses the contractual maturity analysis for VAGO's contractual financial liabilities:

### Maturity analysis of contractual financial liabilities

			Maturity dates				
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months– 1 year	1–5 years	5+ years
2021–22	(\$ thousand)	(\$ thousand)	(\$ thousand)	(\$ thousand)	(\$ thousand)	(\$ thousand)	(\$ thousand)
Receivables							
Other receivables	24	24	24	-	-	-	-
Total contractual receivables	24	24	24	-	-	-	-
Payables							
Supplies and services	2 506	2 506	2 495	11	-	-	-
Amounts payable to government and agencies	12	12	12	-	-	-	-
Lease incentive	832	832	14	28	127	663	-
Borrowings							
Finance lease liabilities	2 918	2 919	41	81	371	2 426	-
Total contractual financial liabilities	6 268	6 269	2 562	120	498	3 089	-

2020–21	Carrying amount (\$ thousand)	Nominal amount (\$ thousand)	Maturity dates				
			Less than 1 month (\$ thousand)	1–3 months (\$ thousand)	3 months– 1 year (\$ thousand)	1–5 years (\$ thousand)	5+ years (\$ thousand)
Receivables							
Other receivables	6	6	6	-	-	-	-
<b>Total contractual receivables</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Payables							
Supplies and services	1 395	1 369	1 343	26	-	-	-
Amounts payable to government and agencies	6	6	6	-	-	-	-
Lease incentive	2 765	2 765	39	78	350	1 869	429
Borrowings							
Finance lease liabilities	8 766	8 774	88	178	837	5 550	2 121
<b>Total contractual financial liabilities</b>	<b>12 932</b>	<b>12 914</b>	<b>1 476</b>	<b>282</b>	<b>1 187</b>	<b>7 419</b>	<b>2 550</b>

### Interest rate exposure of financial instruments

With the exception of lease liabilities, all of VAGO's financial instruments are non-interest bearing. The carrying value and weighted average fixed interest rate exposure of finance lease liabilities in 2021–22 was \$53,000 at 2.75% (2020–21: \$178,000 at 4.31%).

## 8. Other disclosures

### 8.1 Responsible persons

Given the independent relationship of the Auditor-General with the Parliament, no government minister has any direct responsibility for the operations of VAGO. The following disclosures are made relating to the Accountable Officer in accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*:

Andrew Greaves, Auditor-General, held the Accountable Officer Position in relation to VAGO for the full year.

#### Remuneration

Remuneration received or receivable by the Accountable Officer during the reporting period was in the following range:

	2021–22 No.	2020–21 No.
\$540 000–\$549 999	-	1
\$550 000–\$559 999	1	-

## 8.2 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 table below. Total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

The remuneration amounts disclosed below are measured as required by AASB 119 *Employee Benefits*.

### Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.3)<sup>(i)</sup>

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
Short-term employee benefits	5 013	4 398
Post-employment benefits	483	405
Other long-term benefits	15	24
<b>Total remuneration</b>	<b>5 511</b>	<b>4 827</b>
<b>Total number of executives<sup>(ii)</sup></b>	<b>29</b>	<b>26</b>
<b>Total annualised employee equivalents<sup>(iii)</sup></b>	<b>24.2</b>	<b>22.7</b>

Note:

(i) Definitions for remuneration categories are disclosed in Note 8.7.

(ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported in Note 8.3.

(iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

## 8.3 Related parties

VAGO is a wholly owned and controlled entity of the State of Victoria. Related parties of VAGO include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into at an arm's length basis.

## Significant transactions with government-related entities

VAGO received funding and made payments to the Consolidated Fund of \$49.4 million (2020–21: \$46.6 million) and \$30.5 million (2020–21: \$27.9 million).

During the year, VAGO had the following government-related entity transactions:

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Revenue from financial statement audits</b>		
Department of Treasury and Finance	1 184	1 662
Department of Transport	979	1 145
Other government related parties <sup>(i)</sup>	29 514	25 421
<b>Total significant transactions with government-related entities</b>	<b>31 667</b>	<b>28 228</b>

Note:

(i) Transactions with other related parties are collectively, but not individually significant.

## Key management personnel

Key management personnel (KMP) of VAGO include the Accountable Officer and members of the strategic management group, which includes:

- Dave Barry, Deputy Auditor-General
- Roberta Skliros, Assistant Auditor-General, Financial Audit
- Sheraz Siddiqui, Acting Assistant Auditor-General, Performance Audit (commenced 11 October 2021)
- Renee Cassidy, Assistant Auditor-General, Performance Audit (resigned 15 October 2021)

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>Compensation of KMPs</b>		
Short-term employee benefits	1 440	1 340
Post-employment benefits	92	85
<b>Total<sup>(i)</sup></b>	<b>1 532</b>	<b>1 425</b>

Note:

(i) KMPs are also reported in the disclosure of responsible persons (Note 8.1) and remuneration of executives (Note 8.2).

## Transactions and balances with key management personnel and other related parties

There were no related party transactions that involved key management personnel, their close family members and their personal business interests in the current reporting period.

## 8.4 Remuneration of auditors

	2021–22 (\$ thousand)	2020–21 (\$ thousand)
<b>PKF Melbourne</b>		
Audit of the financial statements	37	37
Review of the performance statement	3	3
<b>Total</b>	<b>40</b>	<b>40</b>

Steven Bradby from PKF Melbourne was appointed to this position in 2020.

The auditor of VAGO is appointed by Parliament and paid by PAEC in accordance with the *Audit Act 1994*.

As the remuneration of the auditor is paid by PAEC, the amount disclosed above is equal to the fair value of services received free of charge or for nominal consideration.

## 8.5 Subsequent events

VAGO had no events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue that would require adjustment to, or disclosure in the financial statements.

## 8.6 Australian Accounting Standards issued that are not yet effective

A number of new and revised accounting standards have been issued but become effective for reporting periods commencing after 1 July 2022. VAGO is not expected to be materially impacted by any of these new or revised accounting standards.

## 8.7 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

**Actuarial gains or losses on superannuation defined benefit plans** are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

**Administered item** generally refers to VAGO lacking the capacity to benefit from that item in the pursuit of its objectives and to deny or regulate the access of others to that benefit.

**Assets** include property, plant and equipment and certain intangible assets. Intangible assets include computer software.

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

**Comprehensive result** is the amount in the operating statement representing total change in net worth other than transactions with owners as owners.

**Controlled item** refers to the capacity of VAGO to benefit from that item in the pursuit of its objectives and to deny or regulate the access of others to that benefit.

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

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

**Financial asset** is any asset that is:

- cash
- a contractual right
- to receive cash or another financial asset from another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

**Financial instrument** is any contract that gives rise to a financial asset of one entity and a financial liability of another entity.

**Financial liability** is any liability that is:

- a contractual obligation
- to deliver cash or another financial asset to another entity
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

**Financial statements** comprise:

- a Balance Sheet as at the end of the period
- a Comprehensive Operating Statement for the period
- a Statement of Changes in Equity for the period
- a Cash Flow Statement for the period
- notes of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period.

**Interest expense** represents costs incurred in connection with borrowings. It includes interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**Net operating balance or net result from transactions** is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

**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 classified as 'other non-owner movements in equity'.

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets** are all assets that are not financial assets. It includes plant and equipment, intangible assets, prepayments and accrued income.

**Other economic flows included in net result** are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposals, impairments of non-current physical and intangible assets; and gains and losses arising from the revaluation of the long service leave liability.

**Other long-term benefits** include long service leave.

**Payables** includes short and long-term trade debt and accounts payable, taxes and interest payable.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Receivables** include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, and taxes receivable.

**Remuneration** comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

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

## 8.8 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts. The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
202x–2x	year period

The financial statements and notes are presented based on the illustration for a government department in the *2021–22 Model Report for Victorian Government*



*Departments.* The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VAGO's annual reports.