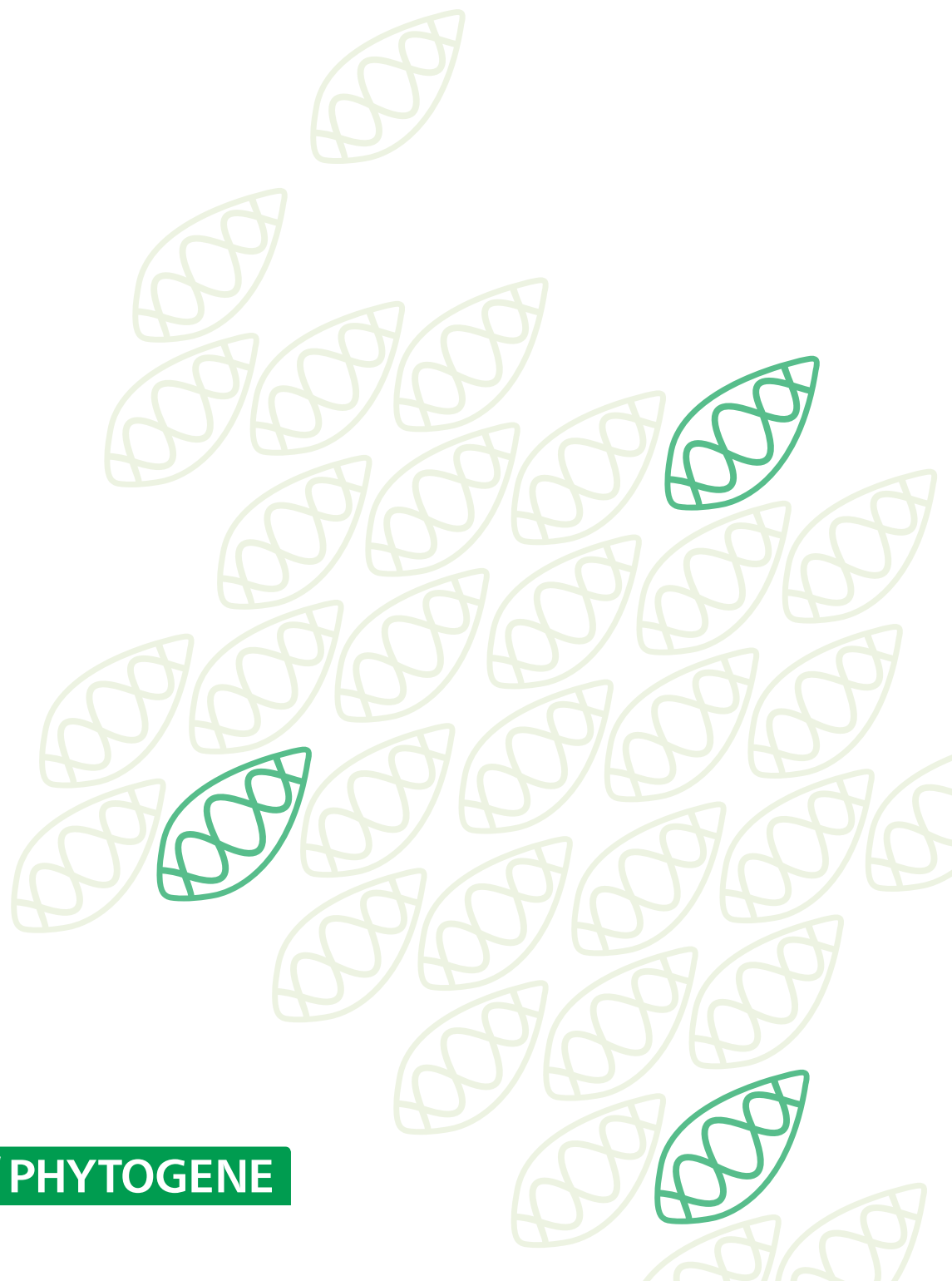




Phytogene Pty Ltd

Annual Report 2018



Company Information

Directors	Mr PRE Turvey (Chairman) Dr CL Noble Prof GC Spangenberg
Executive Officer	Mr DC Liesegang
Chief Scientific Officer	Prof GC Spangenberg
Company Secretary	Mr SM Cagney
Registered Office	475 - 485 Mickleham Road Attwood, VIC 3049 Telephone (03) 9217 4125 Facsimile (03) 9217 4161
Auditors	Victorian Auditor-General's office Level 24, 35 Collins Street Melbourne, VIC 3000
Bankers	Commonwealth Bank of Australia 499 St Kilda Road Melbourne, VIC 3004 Treasury Corporation of Victoria Level 12, 1 Collins Street Melbourne, VIC 3000
Phytogene ACN No	A.C.N 098 823 235
Phytogene ABN No	A.B.N 45 098 823 235



Acknowledgements

Front cover: Photograph of alfalfa (lucerne), courtesy of iStock image bank.

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Company profile

Phytogene Pty Ltd is a wholly owned subsidiary company of Agriculture Victoria Services Pty Ltd (AVS). Phytogene's purpose is to commercialise a proprietary and patented delayed plant leaf senescence technology, with the trade mark LXR®. The technology has a wide range of potential applications for major plant crops by increasing dry matter production, seed yield and drought tolerance. Phytogene also holds exclusive commercialisation rights to another yield-enhancing trait – biomass enhancement technology (BET) – which is complementary to the LXR® technology and was developed by Agriculture Victoria Research (AVR) and the former Molecular Plant Breeding Cooperative Research Centre (CRC). AVS share capital investment and early stage licence revenues fund Phytogene's ongoing operations.

Glasshouse and field trial results to date have provided proof of concept for LXR® in the dicotyledonous species alfalfa, canola and white clover. Proof of concept in a monocotyledonous species has been demonstrated in wheat through extensive field trials of the LXR® and BET trait technologies. The trials were conducted by AVR for Phytogene in 2014–15 and 2015–16. Results from the LXR®-BET wheat field trials showed yield gains that ranged between 10 and 30 per cent in irrigated conditions and up to 60 per cent under drought (rain-fed) conditions.

Performance summary

The Instituto de Agrobiotecnología de Rosario (INDEAR) completed regulatory trials in Argentina during 2017–18 to support an application for regulatory approval of commercial release of LXR® alfalfa in Argentina. An LXR® alfalfa event was crossed with its own locally-adapted commercial germplasm.

The results showed a positive trend in both biomass yield and quality. INDEAR is accelerating the development of two new, re-transformed LXR® alfalfa events, including a triple stacked multi-trait alfalfa product, incorporating LXR®, an alfalfa-mosaic-virus-resistance trait and an aluminium tolerance trait.

This work is being conducted pursuant to a licence agreement signed with Phytogene in 2017–18 that grants INDEAR rights to the new LXR® alfalfa event in Argentina, Uruguay and Brazil. The licence is expected to further support the value proposition of the LXR® technology in South America, in particular in Brazil, where the presence of acidic soils containing aluminium represent a barrier to cultivating alfalfa in broader regions.

In 2017–18, the University of Buenos Aires (FAUBA) in Argentina commenced preparations for seed multiplication and animal (sheep and cattle) grazing trials to assess the effect of the BET technology in perennial ryegrass.

In 2017–18, Phytogene continued to strengthen the IP portfolio with the granting of LXR® and BET patents in several countries. Phytogene now maintains a strong IP portfolio composed of two trademarks and 81 patents (in 22 countries) of which 49 are granted.

Phytogene continues to maintain a low-cost structure while it builds value in its technology and seeks further commercial opportunities, particularly in crops of strategic importance to Victoria.

As a result, Phytogene has been able to meet the operating loss of \$58,462 incurred in 2017–18 from its own internal cash resources. Internal cash reserves provide sufficient funds to support Phytogene's operations for at least the next two years, following which time commercial income is projected to ensure the company's ongoing financial viability.

Board of directors

For the year ended 30 June 2018



Mr Peter Turvey (Chairman)

BA/LLB, MAICD

Peter is the former group general counsel, company secretary and executive vice-president licensing of specialty biopharmaceutical company CSL Ltd, having retired in 2011. He is currently a principal of Foursight Associates Pty Ltd, and a non-executive director of Starpharma Holdings Ltd. Peter played a key role in the transformation of CSL from a government-owned entity through Australian Securities Exchange listing in 1994 to the global plasma and biopharmaceutical company that it is today. He was also responsible for the protection and licensing of CSL's intellectual property and for risk management within CSL. Peter is a director of Phytogene's parent company, Agriculture Victoria Services (AVS). He joined the Phytogene board and was appointed Chairman in December 2016.



Dr Clive Noble (Director)

BAgrSci (Hons), PhD, GAICD, PSM, FIPAA

Clive is managing director of AgInsight Pty Ltd, a consulting firm that provides science and technology advice to government, industry, universities and the private sector. Clive spent more than 30 years working in the public sector in agriculture and primary industries, most of this period as a senior executive. Clive's background is in research conduct, research and development strategy and management, corporate strategy, governance and technology commercialisation. He is the Chairman of Phytogene's parent company, AVS.



Prof German Spangenberg (Director)

Ing. Agr., Dr rer nat, PD, FTSE, PSM

German is deputy secretary, Agriculture Research for Agriculture Victoria, professor (Plant Genetics and Genomics) and head of School of Applied Systems Biology at La Trobe University, and director of AgriBio, Centre for AgriBioscience. German previously held positions as assistant professor and associate professor at the ETH Zurich where he obtained his DSc in AgriBiotechnology, before joining Agriculture Victoria in Melbourne. At Agriculture Victoria, he held positions as director, Plant Biotechnology Centre; research director, Plant Genetics and Genomics; executive director, Biosciences Research, chief scientist of the Molecular Plant Breeding CRC and chief scientist of the Dairy Futures Cooperative Research Centre. In 2017, he was awarded the Public Service Medal for outstanding public service through scientific research programs in the agricultural sector in Victoria.

Legislative framework

The legislative framework that guides Phytogene's operations includes the following Commonwealth (Cth) and Victorian (Vic) Acts:

Corporations Act 2001 (Cth)

Phytogene is an incorporated entity limited by shares, registered under the provisions of the Corporations Act, which provides the legislative base for its management and operations.

Public Administration Act 2004 (Vic)

The Public Administration Act incorporates a set of values and principles to support public administration and provides a framework designed to ensure effective and consistent governance across the entire Victorian public sector. The Victorian Public Sector Commission is established under the Act to support its administration and implementation. Phytogene's sole shareholder, AVS, is classified as a Public Entity under this Act and, by Order in Council dated 25 June 2013, became subject to divisions 2 and 3 of part 5 of the Act and the governance principles contained therein.

Financial Management Act 1994 (Vic)

The Financial Management Act applies to Phytogene insofar as Phytogene is a Declared Body under Section 53A of the Act. Section 52 requires the Minister for Agriculture to annually inform Parliament that the Minister has received the annual report.

Audit Act 1994 (Vic)

The Audit Act provides for the conduct of efficient and effective financial audits of the Victorian public sector. Under this Act Phytogene is subject to annual audit by the Auditor General of Victoria. At present the audit of Phytogene is conducted by McLean Delmo Bentleys under contract to the Auditor General of Victoria.

Privacy and Data Protection Act 2014 (Vic)

The Privacy and Data Protection Act specifies 10 Information Privacy Principles (IPPs). With limited exemptions, all Victorian Government organisations, contracted service providers and local councils must comply with the IPPs.

Protected Disclosure Act 2012 (Vic)

The Protected Disclosure Act was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-based Anti-Corruption Commission (IBAC). The Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

The Act encourages and assists people in making disclosures of improper conduct by public officers and public bodies. It also provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Phytogene and its parent AVS do not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct.

Phytogene and its parent AVS are committed to ensuring transparency and accountability in their administrative and management practices and support the making of disclosures to reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Phytogene and its parent AVS will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. They will also afford natural justice to the person who is the subject of the disclosure.

Disclosures of improper conduct or detrimental action by Phytogene and its parent AVS or any of their employees may be made directly to IBAC:

Independent Broad-Based Anti-Corruption Commission Victoria

Level 1, North Tower, 459 Collins Street

Melbourne, VIC 3000

Phone: 1300 735 135

Web: www.ibac.vic.gov.au

Email: (the above website provides for secure email disclosure process)

Mail: IBAC, GPO Box 24234, Melbourne VIC 3000

The Protected Disclosure Policy and Procedures are available on the AVS website at www.agvic.com.au.

Disclosures	2017–18 number	2016–17 number
The number of disclosures made by an individual to DEDJTR and notified to the Independent Broad-based Anti-corruption Commission		
Accessible disclosures	Nil	Nil

Directors' report

The directors of Phytogene Pty Ltd present their report for the year ended 30 June 2018, and the independent auditor's report thereon.

Directors

The directors of Phytogene at any time during or since the end of the financial year are:

- Mr P R E Turvey (Chairman)
- Dr C L Noble
- Prof G C Spangenberg

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Details of current directors, their qualifications and experience are set out on page 3.

The Company Secretary at any time during or since the end of the financial year has been Mr Shane Cagney.

Directors' meetings

The table below sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. Four board meetings were held during the financial year.

	Board of directors	
	No. of meetings attended	No. of meetings held
Dr C L Noble	4	4
Prof G C Spangenberg	4	4
Mr P R E Turvey	4	4

Principal activities

The principal activity of Phytogene during the financial year was to further develop and commercialise technologies associated with delayed plant senescence and biomass enhancement.

There were no significant changes in the nature of the activities or state of affairs of the Company during the financial year.

Financial performance

The comprehensive result for the Company for the financial year was a loss of \$58,462 (2017: loss of \$68,866).

Operational performance

The review of operations is provided in the Company performance summary on page 2.

Changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of Phytogene that occurred during the year under review.

Dividends

The directors have neither declared nor recommended a dividend for the year ended 30 June 2018. No dividend has been paid during the year ended 30 June 2018 (2017: nil).

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Phytogene, to affect significantly the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

Likely developments

The Company will continue to develop its technologies over the coming year and seek commercial opportunities related thereto.

Impact of legislation and other external requirements

In addition to the Corporations Act, Phytogene is required to comply with additional legislation. These are detailed on page 4.

Environmental legislation

Phytogene's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a state or territory in Australia.

Directors' interests

No director holds an interest in any Phytogene shares. The sole shareholder is AVS.

Indemnification and insurance of officers and auditors

The Company has not, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of Phytogene against a liability incurred as such by an officer or auditor.

Non-audit services

As required by the Victorian Auditor-General's Office, the auditor has not performed any services for the Company other than the audit and review of the financial statements.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor-General's independence declaration

The Auditor-General's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 30 June 2018. This directors' report is made out in accordance with a resolution of the directors:



Mr Peter Turvey
Chairman
6 August 2018



Dr Clive Noble
Director
6 August 2018

Annual financial statements 2017–18

Phytogene Pty Ltd (the Company) is a wholly owned subsidiary company of Agriculture Victoria Services Pty Ltd. The Company has presented its audited general purpose financial statements for the financial year ended 30 June 2018 in the following structure to provide users with the information about the Company's stewardship of resources entrusted to it.

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Directors' declaration

In the opinion of the directors of Phytogene Pty Ltd (the Company):

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a: giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - b: complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. 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.

Signed in accordance with a resolution of the directors, we authorise the attached financial statements for issue on 6 August 2018.



Mr Peter Turvey
Chairman
6 August 2018



Dr Clive Noble
Director
6 August 2018

Independent Auditor's Report

To the Directors of Phytogene Pty Ltd

Opinion	<p>I have audited the financial report of Phytogene Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • director's declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 June 2018 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I confirm that the independence declaration required by the <i>Corporations Act 2001</i>, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable,</p>

matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

MELBOURNE
29 August 2018



Simone Bohan
as delegate for the Auditor-General of Victoria

Auditor-General's Independence Declaration

To the Directors, Phytogene Pty Ltd

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

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

Independence Declaration

As auditor for Phytogene Pty Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
29 August 2018



Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2018

	Notes	2018 \$	2017 \$
Continuing operations			
Income from transactions			
Interest	2	3,708	4,762
Total income from transactions		3,708	4,762
Expenses from transactions			
Operating expenses	3	62,170	73,628
Total expenses from transactions		62,170	73,628
Net result from transactions (net operating balance)		(58,462)	(68,866)
Other comprehensive income		-	-
Comprehensive result		(58,462)	(68,866)

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 June 2018

	Notes	2018 \$	2017 \$
Assets			
Financial assets			
Cash and deposits	5.1	201,742	274,276
Receivables	4.1	1,459	601
Total financial assets		203,201	274,877
Liabilities			
Payables	4.2	16,600	29,814
Total liabilities		16,600	29,814
Net assets		186,601	245,063
Equity			
Share capital		855,002	855,002
Accumulated surplus/(deficit)		(668,401)	(609,939)
Net worth		186,601	245,063

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts			
Receipts from operating activities		-	-
Interest received		3,710	5,291
GST received from the ATO ^(a)		2,258	6,196
Total receipts		5,968	11,487
Payments			
Payments to suppliers		(78,502)	(96,887)
Total payments		(78,502)	(96,887)
Net cash flows used in operating activities		(72,534)	(85,400)
Net decrease in cash and cash equivalents	5.1	(72,534)	(85,400)
Cash and cash equivalents at beginning of financial year		274,276	359,676
Cash and cash equivalents at end of financial year	5.1	201,742	274,276

The accompanying notes form part of these financial statements.

Notes: (a) GST received from the Australian Taxation Office is presented on a net basis.

Statement of changes in equity

For the financial year ended 30 June 2018

	Accumulated surplus/(deficit) \$	Share capital \$	Total \$
Balance at 1 July 2016	(541,073)	855,002	313,929
Net result for the year	(68,866)	-	(68,866)
Other comprehensive income	-	-	-
Balance at 30 June 2017	(609,939)	855,002	245,063
Net result for the year	(58,462)	-	(58,462)
Other comprehensive income	-	-	-
Balance at 30 June 2018	(668,401)	855,002	186,601

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. About this report

The financial statements cover Phytogene Pty Ltd (the Company) as an individual reporting entity. The Company is a private company, established on 13 November 2001. It is domiciled in Victoria, Australia.

The Company's registered office is at 475 Mickleham Road, Attwood, VIC 3049, Australia.

The Company is a wholly owned subsidiary company of Agriculture Victoria Services Pty Ltd. The combination of the original shareholder's investment and payments received from licensees fund the operations.

The Company's purpose is to commercialise a proprietary and patented delayed plant leaf senescence technology.

A description of the nature of the Company's operations and its principal activities are included in the **Performance summary** section, which does not form part of these financial statements.

These financial statements were authorised for issue by the directors of Phytogene Pty Ltd on 6 August 2018.

1.1 Basis of preparation

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

The accrual basis of accounting has been applied in preparing 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.

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.

In preparing these financial statements, judgements, estimates and assumptions are required to be made about financial information presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 reporting periods in which the estimates are revised and also in future periods that are affected by the revision.

The accounting policies set out in the notes have been consistently applied by the Company throughout the reporting period.

1.2 Compliance information

The general purpose financial statements for the year ending 30 June 2018 have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.

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 is reported.

Notes to the financial statements continued

2. Funding delivery of our services**Introduction**

The Company continues to maintain a low cost structure while it builds value in the technology and seeks further commercial opportunities.

2.1 Summary of income that funds the delivery of our services

	2018 \$	2017 \$
Interest revenue		
Interest on bank deposits	3,708	4,762
Total interest revenue	3,708	4,762
Total revenue from continuing operations	3,708	4,762

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances and duties and taxes.

Interest income includes interest received on bank term deposits and other investments.

Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Notes to the financial statements continued

3. The cost of delivering services**Introduction**

This section provides an account of the expense incurred by the Company in delivering services and outputs.

In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

3.1 Expenses incurred in delivery of services

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

Expenses are recognised for each of the Company's major activities as follows:

	2018 \$	2017 \$
Audit expenses	6,800	6,600
Patent expense	53,254	51,096
Travel costs	-	14,818
Other operating expenses	2,116	1,114
Total operating expenses	62,170	73,628

Patent expenses include protection, prosecution and annual renewal of LXR® and BET and are recognised as an expense in the reporting period in which they are incurred.

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

Notes to the financial statements continued

4. Assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the Company's operations.

4.1 Receivables

	2018 \$	2017 \$
Current receivables		
Contractual		
Accrued interest income	32	34
Statutory		
GST input tax credit recoverable	1,427	567
Total current receivables	1,459	601

Contractual receivables are classified as financial instruments and categorised as accrued income. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables, but are not classified as financial instruments.

4.2 Payables

	2018 \$	2017 \$
Current payables		
Contractual		
Supplies and services	12,800	8,396
Supplies and services amounts payable to parent entity	-	14,818
Accrued expenses	3,800	6,600
Total current payables	16,600	29,814

Payables consist of:

- **contractual payables** classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid; and
- **statutory payables** that 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 contracts.

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

Notes to the financial statements continued

Maturity analysis of contractual payables for the Company ^(a)

	Carrying amount \$	Nominal amount \$	Maturity dates			
			Less than 1 month \$	1–3 months \$	3 months –1 year \$	1+ years \$
2018						
Supplies and services	12,800	12,800	12,800	-	-	-
Amounts payable to parent entity	3,800	3,800	3,800	-	-	-
Total	16,600	16,600	16,600	-	-	-
2017						
Supplies and services	8,396	8,396	8,396	-	-	-
Amounts payable to parent entity	14,818	14,818	14,818	-	-	-
Other payables and accrued expenses	6,600	6,600	6,600	-	-	-
Total	29,814	29,814	29,814	-	-	-

Note: (a) Maturity analysis is presented using the contractual undiscounted cash flows.

Notes to the financial statements continued

5. Financing our operations

Introduction

This note provides information on the sources of finance utilised by the Company during its operations, and includes disclosures of balances that are financial instruments (such as cash balances). Notes 6.1 and 6.3 provide additional, specific financial instrument disclosures.

5.1 Cash flow information and balances

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

For cash flow statement presentation purposes, cash and cash equivalents are indicated in the reconciliation below.

	2018 \$	2017 \$
Cash at bank and on hand	6,782	32,206
Deposits at call	9,960	27,070
Deposits < 90 days	185,000	215,000
Balance as per cash flow statement	201,742	274,276

5.1.1 Reconciliation of net result for the period to cash flows from operating activities

	2018 \$	2017 \$
Net result for the period	(58,462)	(68,866)
Movements in assets and liabilities		
(Increase)/decrease in receivables	(858)	52
Increase/(decrease) in payables	(13,214)	(16,586)
Net cash flows from/(used in) operating activities	(72,534)	(85,400)

5.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. There are no commitments as at 30 June 2018 (2017: nil).

Notes to the financial statements continued

6. Risks, contingencies and valuation judgements

Introduction

The Company is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial-instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Company related mainly to fair value determination.

6.1 Financial instruments specific disclosures

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.

The Company's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables).

Categories of financial instruments

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

The Company recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables).

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Company recognises the following liabilities in this category:

- payables (excluding statutory payables).

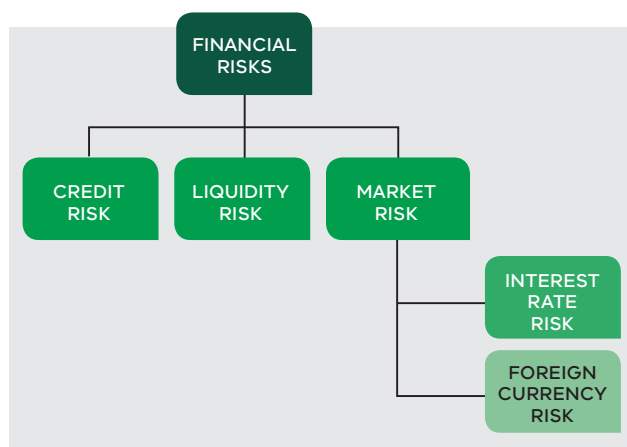
6.1.1 Financial instruments: categorisation

	2018 Contractual financial assets – loans and receivables and cash \$	2018 Contractual financial liabilities at amortised cost \$	2017 Contractual financial assets – loans and receivables and cash \$	2017 Contractual financial liabilities at amortised cost \$
Contractual financial assets				
Cash and deposits	201,742	-	274,276	-
Receivables ^(a)				
Accrued interest income	32	-	34	-
Total contractual financial assets	201,774	-	274,310	-
Contractual financial liabilities				
Payables ^(a)				
Supplies and services	-	12,800	-	8,396
Amounts payable to parent entity	-	-	-	14,818
Other payables and accrued expenses	-	3,800	-	6,600
Total contractual financial liabilities	-	16,600	-	29,814

Note: (a) The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and GST payables).

Notes to the financial statements continued

6.1.2 Financial risk management objectives and policies



As a whole, the Company's financial risk management program seeks to manage these 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 instrument above are disclosed in Note 6.3 to the financial statements.

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

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

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

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. The Company's exposure to credit risk arises from the potential default of a counter party on their contractual obligations, resulting in financial loss to the Company. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Company's contractual financial assets is minimal because it is the Company's policy to only deal with entities with high credit ratings and/or to obtain sufficient collateral or credit enhancements where appropriate. The Company does not have any material credit risk exposure to any single debtor or group of debtors.

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Company will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments and changes in debtor credit ratings.

The Company's maximum exposure to credit risk without taking into account the value of any collateral obtained is the carrying amount of financial assets as detailed in section 6.1.1 of this note.

There has been no material change to the Company's credit risk profile in 2017–18.

Financial instruments: liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Company 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. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Company is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from cash and cash equivalents.

Notes to the financial statements continued

Financial instruments: market risk

The Company's exposures to market risk are primarily through interest rate risk and foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal exposure to cash flow interest rate risks through cash, deposits and term deposits that are at floating rate.

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Company's sensitivity to interest rate risk are set out in the table that follows.

Interest rate exposure of financial instruments

2018	Weighted average interest rate (%)	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits					
Cash at bank	-	6,782	-	-	6,782
Deposits at call	1.45	9,960	-	9,960	-
Deposits < 90 days	2.01	185,000	185,000	-	-
Receivables^(a)					
Accrued interest income	-	32	-	-	32
Total financial assets		201,774	185,000	9,960	6,814
Financial liabilities					
Payables^(a)					
Supplies and services	-	12,800	-	-	12,800
Other payables	-	3,800	-	-	3,800
Total financial liabilities		16,600	-	-	16,600

Note: (a) The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and GST payables).

Notes to the financial statements continued

2017	Weighted average interest rate (%)	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits					
Cash at bank	-	32,206	-	-	32,206
Deposits at call	1.48	27,070	-	27,070	-
Deposits < 90 days	1.67	215,000	215,000	-	-
Receivables^(a)					
Accrued interest income	-	34	-	-	34
Total financial assets		274,310	215,000	27,070	32,240
Financial liabilities					
Payables^(a)					
Supplies and services	-	8,396	-	-	8,396
Amounts payable to parent entity	-	14,818	-	-	14,818
Other payables	-	6,600	-	-	6,600
Total financial liabilities		29,814	-	-	29,814

Note: (a) The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and GST payables).

Notes to the financial statements continued

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

The Company is exposed to foreign currency risk mainly through its transactions relating to overseas travel. The Company has a limited amount of transactions denominated in foreign currencies and there is a relatively short timeframe between commitment and settlement, therefore risk is minimal.

6.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There are no contingent assets and liabilities as at 30 June 2018. (2017: nil)

6.3 Fair value determination

Significant judgement: fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining

fair values. Changes to assumptions could have a material impact on the results and financial position of the Company.

This section sets out information on how the Company determined fair value for financial reporting purposes. 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.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result.

The Company determines the policies and procedures for determining fair values for financial assets and liabilities as required.

Fair value determination of financial assets and liabilities

The Company currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2017-18 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Receivables: <ul style="list-style-type: none"> • Trade receivables • Accrued interest income Investments and other contractual financial assets: <ul style="list-style-type: none"> • Cash and term deposits 	Payables: <ul style="list-style-type: none"> • Supplies and services • Amounts payable to parent entity • Other payables and accrued expense

Notes to the financial statements continued

7. Other disclosures

Introduction

This note includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

7.1 Responsible persons

The following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of directors and accountable officers in the Company during the financial year are as follows:

Mr P Turvey (Chairman)
1 July 2017 to 30 June 2018

Dr C Noble (Director)
1 July 2017 to 30 June 2018

Prof G Spangenberg
(Director)
1 July 2017 to 30 June 2018

Mr DC Liesegang (Accountable Officer)
1 July 2017 to 30 June 2018

Remuneration

The directors and accountable officers did not receive and are not entitled to receive any remuneration or benefit.

There are no transactions with any directors and accountable officers of the Company.

No director of the Company received or became entitled to receive a benefit during 2017–18 financial year. (2016-17: Nil)

7.2 Related parties

The Company's related parties include its key management personnel and related entities as described below.

All related party transactions have been entered into on an arm's length basis. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Parent company

The Company is wholly owned by Agriculture Victoria Services Pty Ltd.

Key management personnel

The Company is incorporated under the *Corporations Act 2001* and therefore key management personnel of the Group are limited to the directors and executives of its parent entity, namely:

Mr P Turvey (Chairman)

Prof G Spangenberg (Director)

Dr C Noble (Director)

Mr DC Liesegang (Accountable Officer)

The directors and accountable officers did not receive and are not entitled to receive any remuneration or benefit.

Transactions and balances with key management personnel and other related parties

The Company's employment of processes occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

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

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

7.3 Significant commercial transactions with the State of Victoria

There were no commercial transactions with the State of Victoria in 2017–18.

Notes to the financial statements continued

7.4 Remuneration of auditors

	2018 \$	2017 \$
Victorian Auditor-General's Office		
Audit the financial statements ^(a)	6,800	6,600
Total remuneration of auditors	6,800	6,600

Note: (a) The Victorian Auditor-General's office is not allowed to provide non-audit services.

7.5 Subsequent events

No matters and/or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Company.

7.6 Other accounting policies and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two represents the net result. The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals of non-financial assets; revaluations and impairments of non-financial physical and intangible assets and re-measurement arising from defined benefit superannuation plans.

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

Balance sheet

Items of assets and liabilities in the balance sheet are presented in liquidity order with assets aggregated into financial and non-financial assets.

Current versus non-current assets and liabilities, non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period are disclosed in the notes where relevant except for the provision of employee benefits, which are classified as current liabilities if the Company does not have the unconditional right to defer the settlement of the liabilities 12 months after the end of the reporting period.

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

Cash flow statement

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

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balances 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 equity related to transactions with owner in their capacity as owner.

Accounting for goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the financial statements continued**Income tax**

Agriculture Victoria Services Pty Ltd is a company wholly owned by the State Government of Victoria. The Company and its controlled entities are exempt from income tax under Section 24AO *Income Tax Assessment Act* and as such does not adopt tax effect accounting.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). AASs include Australian equivalents to International Financial Reporting Standards.

7.7 Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published which are not mandatory for the 1 July 2017 reporting period. The Company assesses the impact of these new standards and their applicability and early adoption where applicable.

Notes to the financial statements continued

Summary of new/revised accounting standards effective for future reporting periods

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but not effective for 2017–18, which may result in potential impacts on public sector reporting for future reporting periods.

Topic	Key requirements	Effective date
AASB 9 <i>Financial Instruments</i>	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. Assessed and no impact on the Company.	1 January 2019
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend Reduced Disclosure requirements. Assessed and no impact on the Company.	1 January 2019
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9. Assessed and no impact on the Company.	1 January 2019
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard <i>AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. No contracts signed with customers during 2017–18, so no impact on the Company.	1 January 2019
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends as follows: Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established it is probable that the economic benefits associated with the dividend will flow to the entity the amount can be measured reliably Assessed and no impact on the Company.	1 January 2019, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018.

Notes to the financial statements continued

Topic	Key requirements	Effective date
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. Assessed and no impact on the Company.	1 January 2019
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This standard amends AASB 15 to clarify requirements for identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> • a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer • for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). Assessed and no impact on the Company. 	1 January 2019
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. Assessed and no impact on the Company.	1 January 2019
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: <ul style="list-style-type: none"> • require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments • clarifies circumstances when a contract with a customer is within the scope of AASB 15. Assessed and no impact on the Company.	1 January 2019

Notes to the financial statements continued

7.8 Glossary of technical terms

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

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

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity
- (c) a contractual 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; or
- (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 is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - 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:
 - 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
 - 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 comprise:

- (a) a balance sheet as at the end of the period
- (b) a comprehensive operating statement for the period
- (c) a statement of changes in equity for the period
- (d) a cash flow statement for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*.

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

Net financial liabilities is calculated as liabilities less financial assets.

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, 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, intangibles assets.

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

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

Receivables include amounts owing through short- and long-term trade credit and accounts receivable, accrued investment income and interest receivable.

Notes to the financial statements continued

7.9 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.

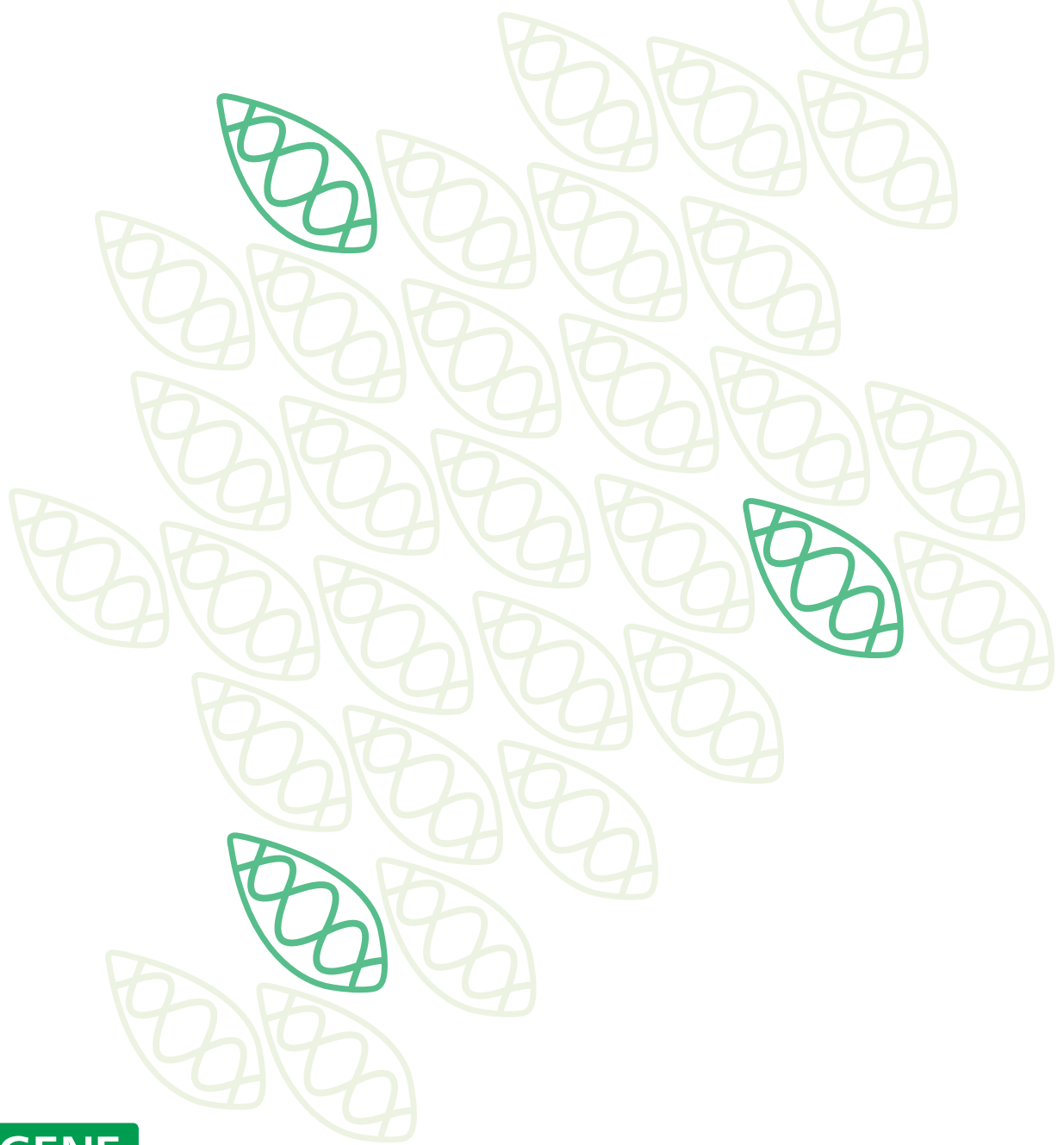
The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx.x)	negative numbers
201x	year period
201x 1x	year period

The financial statements and notes are presented based on the 2017–18 Model Report for Victorian Government Departments/Agencies and 2017–18 DTF Model Report for Corporations Act entities. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Company's annual reports.

Appendix 1: Acronyms and glossary of terms

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ATO	Australian Taxation Office
AVS	Agriculture Victoria Services Pty Ltd
BET	Biomass Enhancement Technology
Company ('the Company')	Phytogene Pty Ltd
DEDJTR ('the Department')	State of Victoria's Department of Economic Development, Jobs, Transport and Resources
DTF	Department of Treasury and Finance
GST	Goods and Services Tax
IBAC	Independent Broad-based Anti-corruption Commission
LXR®	Delayed plant leaf senescence technology. Pronounced 'Elixir'.
Phytogene	Phytogene Pty Ltd is a wholly owned subsidiary of AVS



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