

BreastScreen Victoria Inc.
Registration Number: A0025878W
ABN: 54 505 206 361

FINANCIAL REPORT

For the year ended 30 June 2013



TREASURER'S REPORT



I am pleased to present to you the 2012/13 Annual Accounts of BreastScreen Victoria Inc. The results for the year reflect the dedicated work of the BreastScreen team in delivering a quality service to the women of Victoria within budget and to the level of activity required by our contract with the Department of Health.

The financial statements for the year report that the activities of BreastScreen Victoria Inc. resulted in an operating surplus of \$891,597. The overall surplus was \$2,262,322 after taking account of special projects, the Digital Mammography Project (DMP) and the Electronic Records Management (ERM) project. The grant received for the ERM project has been recorded in 2012/13 in accordance with accounting standards, although related expenditure will occur over the next two years. BreastScreen Victoria delivered 98.16% of the 2012/13 screening target and under the Department of Health's recall policy, this means that no funds will be recalled for 2012/13 screening activity in contrast to 2011/12 recall of \$2.02m.

Total reserves of \$7.66m have increased by \$1.61m and comprise a contractual liabilities reserve of \$2.23m, capital replacement reserve of \$0.99m, special purpose reserve of \$2.73m, base reserves of \$1.39m and general reserve of \$0.32m. The purpose of the special purpose reserve is to provide funds for committed activities and projects that progress strategic direction. The base reserve is a new reserve which has been created for the purpose of generating additional interest revenue to fund strategic initiatives including research projects. A component of the reserve is to provide funds protecting BreastScreen Victoria against unforeseen cashflow pressures.

The last three years have been a period of significant change for BreastScreen Victoria with the implementation of the DMP and the Service Model Renewal (SMR) project. During this time the team has continued to mature in operation and structure, increasing in its sophistication in managing large projects and associated funding. Projects have run efficiently and on track against budgets with sound governance employed in all aspects of project delivery.

BreastScreen Victoria is committed to a culture of continuous improvement and strengthening business understanding. During 2012/13 the Corporate Services team was restructured to better align resources to business needs. A Contract Coordinator was appointed, funded through the centralisation of roles and a Governance Officer was appointed, funded through the consolidation of existing roles. These new roles bring stronger focus on governance, contract delivery and risk management.

One of the main components of the SMR project was to develop an activity based funding model for BreastScreen Reading and Assessment Services with the aim to provide a more straightforward and consistent pricing arrangement. The model was developed in consultation with senior executives from the eight Reading and Assessment Services and BreastScreen continues to work with the services to ensure a smooth transition to a sustainable funding level. The new funding model comes into effect from 1 July 2013 and I take this opportunity to thank those senior executives for their time and invaluable input.

Other major projects for the Corporate Services team were the review of the Risk Management Framework and the delivery of the new funding model through the budget process.

The main challenge for 2013/14 will be to focus on moving from a transformational phase of operations to a business as usual model.

BreastScreen Victoria's relationship with the Department of Health continues to support a shared commitment to deliver screening and assessment services to the women of Victoria. We are working with the Department of Health in identifying critical strategic projects necessary to safeguard BreastScreen Victoria's sustainability. These include the development of recruitment strategies, the electronic records management project and continuous quality improvement.

A summary of the year includes:

- Funding provided by the Department of Health to 30 June 2013 was \$36.72m.
- Expenditure relating to service delivery was \$32.22m (an increase of 7% from 2011/12) and was incurred by screening providers, Reading and Assessment Services and the Coordination Unit. Screening providers and Reading and Assessment Services provided direct services to women while the Coordination Unit provided Mobile Screening and Assessment Services and support via the Service Delivery, Information Management, Communications and Client Recruitment, Information and Communication Technology, Quality, Research and Planning units.
- BreastScreen Victoria management expenditure of \$4.61m (an increase of 18.5% from 2011/12) includes depreciation expenses relating to the DMP, Coordination Unit infrastructure and governance costs. The increase in expenses relates to digital technology, mainly connectivity and depreciation, which have increased significantly in 2012/13 as all sites have now been converted to digital technology.
- \$1.26m of grants received for the ERM project has been recorded as revenue in 2012/13 although related expenses will be incurred over the next two years.
- In 2012/13 \$3.36m of income received from the Department of Health was recognised as deferred income, \$3.21m of which related to the DMP.

In conclusion I would like to thank those who continue to work diligently in delivering an effective and efficient service, for their time and resources in assisting the Program to fulfill its objectives. Their effort is clearly evident in the financial statements.



Anne Cronin
Treasurer

BREASTSCREEN VICTORIA INC.

ANNUAL FINANCIAL REPORT – 30 JUNE 2013

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These financial statements cover BreastScreen Victoria Inc. as an individual entity. The financial statements are presented in Australian currency.

BreastScreen Victoria Inc. is an Association incorporated and domiciled in Victoria under the *Associations Incorporation Act (Vic) 1981*. Its registered office and principal place of business is:

BreastScreen Victoria Inc.
15-31 Pelham Street
Carlton South, Vic 3053

The financial statements were authorised for issue by a resolution of the directors on 3 September 2013. The Board of Management have the power to amend and reissue the financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
REVENUES			
Revenue from operating activities			
Government grants			
Screening and Cancer Prevention		36,715,202	34,517,693
Digital Mammography Project		5,434,354	5,562,199
Electronic Records Management		1,260,000	-
Other revenue	4	1,082,874	899,759
Total revenue from ordinary activities		44,492,430	40,979,651
EXPENDITURE FROM SERVICES			
Screening Services	15	9,170,432	8,581,613
Reading and Assessment Services (RAS)	16	16,785,251	17,685,779
BreastScreen Coordination Unit			
RAS Services			
Service Delivery and Information Services	17	1,455,485	1,458,934
Mobile Screening Services	17	834,617	872,798
Quality, Research and Planning	17	202,980	203,346
Communications and Client Recruitment	17	1,111,593	916,154
Information and Communication Technology - External	17	1,720,295	1,371,077
Call Centre	17	938,207	890,259
BreastScreen Victoria Management			
Executive	17	644,835	462,526
Corporate Services and Finance	17	2,834,916	2,300,622
Business and People	17	146,633	146,793
Information and Communication Technology - Internal	17	979,786	977,783
Specific Projects			
Digital Mammography Project	17	2,521,559	2,888,540
Other Special Projects	17	2,883,518	1,420,844
Total expenses		42,230,107	40,177,068
Net surplus for the year		2,262,323	802,583
Other comprehensive income		-	-
Total comprehensive income for the year		2,262,323	802,583

BALANCE SHEET AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	5	12,459,136	12,409,449
Receivables	6	556,806	472,939
Total current assets		13,015,942	12,882,388
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,972,855	3,148,863
Intangible assets	8	1,265,839	1,180,612
Total non-current assets		6,238,694	4,329,475
Total assets		19,254,636	17,211,863
CURRENT LIABILITIES			
Payables and accruals	9	7,108,293	7,562,693
Provisions	10	962,371	758,950
Total current liabilities		8,070,664	8,321,643
NON-CURRENT LIABILITIES			
Provisions	10	235,887	204,457
Total non-current liabilities		235,887	204,457
Total liabilities		8,306,551	8,526,100
Net assets		10,948,085	8,685,763
EQUITY			
Reserves	11	7,657,731	6,048,235
Accumulated surplus	12	3,290,354	2,637,528
Total equity		10,948,085	8,685,763

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
ACCUMULATED SURPLUS			
Opening accumulated surplus		2,637,528	1,668,215
Total comprehensive income for the year		2,262,323	802,583
Transfers (to)/from Reserves		(1,609,496)	166,729
Accumulated surplus at year end	12	3,290,354	2,637,528
RESERVES			
Opening reserves		6,048,235	6,214,964
Transfer from/(to) to accumulated surplus		1,609,496	(166,729)
Reserves at year end	11	7,657,731	6,048,235
Total equity at year end		10,948,085	8,685,763

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government grants and others		46,187,663	46,687,148
Interest received		589,771	724,487
Payments to suppliers and employees		(43,617,889)	(42,710,608)
Cash inflow from operating activities	13	3,159,545	4,701,027
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchases of property, plant and equipment and intangible assets		(3,367,515)	(3,298,141)
Proceeds from sale of property, plant and equipment and intangible assets		257,657	24,645
Cash (outflow) from investing activities		(3,109,858)	(3,273,496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Cash inflow/(outflow) from financing activities		-	-
Net increase in cash held		49,687	1,427,531
Cash and cash equivalents at beginning of year		12,409,449	10,981,918
Cash at end of year	5	12,459,136	12,409,449

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers BreastScreen Victoria Inc. as an individual entity. BreastScreen Victoria Inc. is an Association incorporated in Victoria under the *Associations Incorporation Act (Vic) 1981*.

The financial report for the year ended 30 June 2013 was authorised for issue by a resolution of the Board of Management on 3rd September 2013.

The following is a summary of the material accounting policies adopted by BreastScreen Victoria Inc. in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Operations and Principal Activities

BreastScreen Victoria Inc. is part of a national breast cancer screening program offering women aged 50-69 free screening mammograms every two years. BreastScreen Victoria Inc. aims to reduce deaths from breast cancer through early detection of the disease.

BreastScreen Victoria Inc. is an independently incorporated association responsible for the ongoing delivery and management of the Victorian Program. BreastScreen Coordination Unit (BCU) develops and reviews program policy, manages the centralised Call Centre, coordinates the Mobile Screening service, manages client information, coordinates the state-wide communications and recruitment, monitors service provision, coordinates special projects and administers the funding for a network of accredited screening and assessment centres located in both the public and private sectors.

BCU consists of a small multidisciplinary staff and is managed by the Chief Executive Officer who is accountable to a ministerial appointed Board of Management.

(a) Basis of preparation

The financial report of BreastScreen Victoria Inc. is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosures Requirements (AASs), Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian

Accounting Standards Board (AASB) and the requirements of the *Associations Incorporation Act (Vic) 1981*.

BreastScreen Victoria Inc. is a not-for-profit entity and therefore applies the additional Australian Accounting Standards paragraphs applicable to 'not-for-profit' entities under the AASs.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(i) Compliance with the Australian Accounting Standards – Reduced Disclosures Requirements

The financial report of BreastScreen Victoria Inc. complies with the Australian Accounting Standards – Reduced Disclosures Requirements as issued by the Australian Accounting Standards Board.

(ii) New and amended standards adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period and are not likely to affect future periods.

(iii) Critical accounting estimates and judgements

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not really apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future

periods if the revision affects current and future periods.

Estimates and judgements made by management in the application of AASs that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

(i) Impairment of non-financial assets

BreastScreen Victoria Inc. assesses impairment of all assets at each reporting date by evaluating conditions specific to BreastScreen Victoria Inc. and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. Management does not consider that the triggers for impairment testing have arisen.

(ii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the asset is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary. The estimation of useful lives adopted in the current financial year is set out in note 1(d) & (e).

(b) Rounding off

All amounts shown in the financial report are expressed to the nearest dollar.

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cashflows, cash and cash equivalents includes cash at bank and on hand, deposits held at call with banks or financial institutions and other short term highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Property, plant and equipment

Fixed assets valued at \$1,000 or above are measured at historical cost less

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to BreastScreen Victoria Inc. and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the statement of comprehensive income during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

Impairment

At each reporting date, the carrying values of fixed assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists and where the carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is measured at the higher of depreciated replacement cost and fair value less cost to sell.

Depreciation

The depreciable amounts of all furniture, equipment and vehicles are depreciated on a straight-line basis over their estimated useful life to BreastScreen Victoria Inc. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

CLASS	Depreciation Rate as %
Computer Equipment	33%
Furniture and Fittings	10%
Leasehold Improvements	20%
Motor Vehicles	33%
Office Equipment	20%
Mobile Van Screening Equipment	20%
Digital Pilot Equipment	33%
Medical Equipment	20%
Digital Mammography Project Equipment	16%

Make Good Provisions

Provision for make good obligation is recognised when a legal or constructive obligation as a result of past events exists, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provision is measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

(e) Intangible assets

IT development and software

Costs incurred in developing systems and costs incurred in acquiring software licenses that will contribute to future periodical financial benefits through revenue generation and/or cost reduction or service potential are identified as capital to software systems and databases. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over periods generally ranging from two to seven years.

Currently BreastScreen Victoria Inc. has developed a database that is amortised on a straight-line basis at 20% (2012:20%). Further, BreastScreen Victoria Inc. acquired software licenses that are amortised on a straight-line basis at 50% (2012: 50%) being a two year period.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where BreastScreen Victoria Inc. has an intention and ability to use the asset.

Impairment

At each reporting date, the carrying values of intangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists and where the carrying values exceed the recoverable amount, the asset is written down to

the recoverable amount. Recoverable amount is measured at the higher of depreciated replacement cost and fair value less cost to sell.

(f) Employee benefits

(i) Short-term obligations

Liabilities for salaries and wages, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables. Contributions to employees' superannuation funds are made by BreastScreen Victoria Inc. and charged as expense when incurred.

(ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Employee benefit on-costs are included in employee benefits and the total recognised as a liability.

(g) Incorporation

BreastScreen Victoria Inc. was incorporated on 2 September 1992 under the *Association's Incorporation Act 1981*. BreastScreen Victoria Inc. was formerly called Victorian Breast Screening Coordination Unit Inc., and the name was changed on 19 October 1998.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Public liability/General insurance

BreastScreen Victoria Inc. is included under the Department of Health Master Insurance Policies.

(i) Tax status

The activities of BreastScreen Victoria Inc. are exempt from payment of income tax and payroll tax. Accordingly, no provision for income tax and payroll tax has been made in the accounts. Payments for fringe benefit tax are made in accordance with the relevant legislation.

(j) Goods and services tax

Revenues, expenses and assets are recognised net of amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST inclusive. The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as a current asset or current liability in the Balance Sheet, unless it is immaterial to be disclosed separately.

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

(k) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Where it is not possible to estimate the recoverable amount of an individual asset, BreastScreen Victoria Inc. estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from interest earnings does not support operating activities.

Revenue from rendering of a service is recognised upon the delivery of the service to the customers.

Grants are recognised as income when BreastScreen Victoria Inc. gains control of the underlying assets in accordance with

AASB 1004 Contributions. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

(m) Functional and presentation currency

The presentation currency of BreastScreen Victoria Inc. is the Australian dollar, which has also been identified as the functional currency of BreastScreen Victoria Inc.

(n) Receivables

Receivables, are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

Collectability of receivables is reviewed on an ongoing basis. A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

(o) Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to BreastScreen Victoria Inc. prior to the end of financial year, and arise when BreastScreen Victoria Inc. becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are paid within 30 days of recognition.

(p) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Deferred Income

As identified in Note 1(l) grants received are recognised in the relevant reporting year it relates to. The timing of the receipt of payments for work undertaken is typically set out in the project contract. Payments received and amounts due and receivable up to 30 June 2013 which have not been earned are recognised as deferred income at 30 June 2013 and will only be recognised as income when BreastScreen Victoria

Inc. has met the conditions set out in the project contract.

(r) Reserves Policy

In accordance with the BreastScreen Victoria Inc. policy on Reserves, the following Reserves are held:

(i) Contractual Liabilities Reserve

BreastScreen Victoria Inc. shall maintain in reserve, funds for the winding down of the organisational structure in the event that BreastScreen Victoria Inc. is dissolved. In addition the Contractual Liabilities Reserve will provide for leave liabilities.

(ii) Capital Replacement Reserves

BreastScreen Victoria Inc. shall maintain in reserve, funds for the purpose of replacing capital equipment used by the BreastScreen Coordination Unit. As a minimum these funds should be equivalent to the current year budgeted depreciation expenses. Capital expenditure relating to screening services is funded through the Targeted Equipment Program and not by the way of the reserve.

(iii) Special Purpose Reserve

BreastScreen Victoria Inc. shall maintain in reserve, funds designated for special projects that progress strategic directions, as endorsed by the Finance and Audit Committee and approved by the Board of Directors.

(iv) General Reserve

BreastScreen Victoria Inc. shall maintain in reserve, funds for the winding down of Reading and Assessment Services. The amount of these reserves shall be \$ 50,000 each for metropolitan service to a maximum of \$ 200,000 and \$ 25,000 for rural service to a maximum of \$ 100,000.

(v) Base Reserve

A Base Reserve is a new reserve, the purpose of which to largely protect BreastScreen Victoria Inc. against unforeseen pressures to cashflow.

BreastScreen Victoria Inc. shall maintain in reserve, funds to protect BreastScreen Victoria Inc. against unforeseen expenditure and to generate additional interest revenue to fund strategic initiatives including research projects. BreastScreen Victoria Inc. will hold a minimum of \$ 500,000 up to a maximum of \$ 2 million in this Reserve.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

BreastScreen Victoria Inc.'s activities expose it primarily to the financial risks of changes in interest rates. BreastScreen Victoria Inc. does not enter into derivative financial instruments to manage its exposure to interest risk.

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

BreastScreen Victoria Inc. is not exposed to any foreign currency risk.

(b) Significant accounting policies

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, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Interest rate risk

BreastScreen Victoria Inc.'s exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is detailed below. BreastScreen Victoria Inc.'s interest rate exposure is limited to its cash and cash equivalents and in this respect, fluctuations in interest rate will only impact on revenue.

(d) Interest rate risk exposure of financial statements

	Weighted average effective interest rate		Carrying amount*		Floating interest rate**	
	2013 %	2012 %	2013 \$	2012 \$	2013 \$	2012 \$
Financial assets						
Cash and cash equivalents	3.71	4.93	12,459,136	12,409,449	2,776,705	3,210,659
Total financial assets			12,459,136	12,409,449	2,776,705	3,210,659

* Total Cash held in operating account and term deposits.

** Money held in operating bank account.

(d) Net fair value

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 3: NET RESULT FROM CONTINUING OPERATIONS		
Surplus from ordinary activities has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	1,162,381	836,892
Amortisation of intangible assets	295,916	227,381
Provisions	234,850	130,132
Rental expenses on operating leases - minimum lease payments	374,109	330,529
NOTE 4: OTHER REVENUE		
Other	262,527	150,627
Interest received	562,690	724,487
Profit/(Loss) from disposal of non-current assets	257,657	24,645
Total	1,082,874	899,759
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	600	600
Cash at bank	2,776,705	3,210,659
Deposits at call	9,681,831	9,198,190
Total	12,459,136	12,409,449
BreastScreen Victoria Inc.'s exposure to interest rate risk is discussed in Note 2.		
NOTE 6: RECEIVABLES		
Trade receivables	73,539	123,314
Accrued revenue	100,149	176,859
Sundry debtors	7,000	55,639
GST	226,367	-
Prepayments	149,751	117,127
Total	556,806	472,939

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Computer equipment – at cost	4,083,393	2,912,305
Accumulated depreciation	(2,111,753)	(1,630,933)
Written down value	1,971,640	1,281,372
Motor Vehicles – at cost	226,888	261,230
Accumulated depreciation	(60,468)	(179,840)
Written down value	166,420	81,390
Office equipment – at cost	575,328	512,310
Accumulated depreciation	(346,255)	(274,674)
Written down value	229,073	237,636
Furniture and fittings – at cost	142,495	131,102
Accumulated depreciation	(93,643)	(82,800)
Written down value	48,852	48,302
Leasehold improvement – at cost	1,107,873	1,093,054
Make Good cost (i)	50,000	-
Accumulated depreciation	(892,103)	(818,770)
Written down value	265,770	274,284
Mobile screening van equipment – at cost	1,122,542	1,121,331
Accumulated depreciation	(850,567)	(789,117)
Written down value	271,975	332,214
Digital project equipment (pilot) – at cost	1,572,794	2,015,196
Accumulated depreciation	(1,572,794)	(2,007,557)
Written down value	-	7,639
Medical equipment – at cost	2,743,762	1,524,483
Accumulated depreciation	(724,637)	(638,457)
Written down value	2,019,125	886,026
Total written down value property, plant and equipment	4,972,855	3,148,863

(i) As per premises agreement expiring on April 30, 2016, BreastScreen Victoria is required to restore the premises occupied at Carlton South to the original condition at the end of the lease term. The cost of \$50,000 has been capitalised and a corresponding provision can be found in Note 10. The cost is amortised over the remainder of the lease period.

(a) Movements in carrying amounts

Movement in carrying amounts for each class of fixed assets between the beginning and the end of the financial year

2013	Opening net book amount	Additions	Disposals	Depreciation	Closing net book amount
Computer equipment	1,281,372	1,171,089	-	(480,821)	1,971,640
Motor vehicles	81,390	170,021	(7,594)	(77,398)	166,420
Office equipment	237,636	63,019	-	(71,581)	229,073
Furniture and fittings	48,302	11,393	-	(10,843)	48,852
Leasehold improvement	274,284	64,819	-	(73,333)	265,770
Mobile screening van equipment	332,214	1,211	-	(61,450)	271,975
Digital project equipment (pilot)	7,639	-	-	(7,639)	0
Medical equipment	886,026	1,512,415	-	(379,316)	2,019,125
Total	3,148,863	2,993,967	(7,594)	(1,162,381)	4,972,855

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 8: INTANGIBLE ASSETS		
Data development – at cost	1,251,140	1,251,140
Accumulated amortisation	(1,183,198)	(1,109,079)
Written down value	67,942	142,061
Software and licenses	1,778,919	1,397,777
Accumulated amortisation	(581,022)	(359,226)
Written down value	1,197,897	1,038,551
Total written down value intangible assets	1,265,839	1,180,612

(a) Movements in carrying amounts

2013	Opening net book amount	Additions	Disposals	Amortisation	Closing net book amount
Data development	142,061	-	-	(74,119)	67,942
Software and licenses	1,038,551	381,143	-	(221,797)	1,197,897
Total	1,180,612	381,143	-	(295,916)	1,265,839

NOTE 9: PAYABLES

Trade Creditors	1,501,601	1,313,541
Accruals	2,049,656	869,480
PAYG and Salaries & Wages	145,227	223,121
Deferred Income – Department of Health	3,411,808	5,156,551
Total	7,108,293	7,562,693

The average credit period on trade creditors is 30 days. No interest is charged. The deferred income balance as at 30 June 2013 relates to income received for the Digital Mammography Project (\$ 3,211,457) & other projects.

NOTE 10: PROVISIONS

CURRENT		
Employee Benefits – Annual leave	466,848	365,907
Employee Benefits – Long service leave	495,523	393,043
Total	962,371	758,950
NON-CURRENT		
Employee Benefits – Long service leave	185,887	204,457
Make Good	50,000	-
Total	235,887	204,457

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 11: RESERVES		
Contractual liabilities reserve	2,230,577	2,045,705
Capital replacement reserve	988,220	694,980
Special Purpose reserve	2,732,000	2,987,265
Base reserve	1,386,649	-
General reserve		
Surplus from Digital Mammography Project	20,285	20,285
Screening and Assessment Services contingency funds	300,000	300,000
Total	7,657,731	6,048,235
<p>The special purpose reserve records funds set aside for committed activities as approved by Board of Management. In the current year, the general reserve of \$ 2,732,000 will be utilised to fund the following projects:</p>		
Service Model Renewal	\$24,000	
Online ordering system	\$25,000	
Architectural Mapping	\$30,000	
Business Project Strategies	\$120,000	
State Radiologist and State Radiographers	\$408,000	
Mass media campaign	\$1,500,000	
Mass media campaign (balance May 2013)	\$390,000	
Upgrade Business Objects and Training	\$20,000	
Informed (collateral distribution service for GPs)	\$50,000	
Upgrade of testing environment	\$20,000	
Integration of BSSA finding into clinical governance and operations (Quoros)	\$20,000	
Recurrent research	\$50,000	
IT Transformation	\$75,000	
	\$2,732,000	
NOTE 12: ACCUMULATED SURPLUS (DEFICIT)		
Accumulated surplus (deficit) at the beginning of the financial year	2,637,528	1,668,215
Surplus for the year	2,262,323	802,583
Transfers (to)/from Reserves	(1,609,496)	166,729
Total	3,290,354	2,637,528

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 13: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with net result for the year		
Net result for the year	2,262,323	802,583
Non-cash flows in surplus from ordinary activities		
Depreciation & amortisation	1,458,297	1,064,273
Net (gain) on disposal of assets	(257,657)	(24,645)
Changes in assets and liabilities		
Decrease in receivables	126,485	18,958
(Increase)/Decrease in other current assets	(210,352)	112,751
Increase in payables	1,290,342	2,704,025
(Decrease) in funds in advance	(1,744,743)	(107,049)
Increase in provisions	234,850	130,132
Net cash provided by operating activities	3,159,545	4,701,027
NOTE 14: COMMITMENTS		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable		
– not later than one year	423,853	392,813
– later than one year but not later than five years	883,077	1,094,899
– later than five years	-	-
Total	1,306,930	1,487,712
<p>The property lease is a non-cancellable lease with a ten-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be adjusted annually in accordance with movements in the Consumer Price Index. An option exists on the lease to renew the term for an additional term of ten years. The lease only allows for subletting of the lease area with the landlord's written consent.</p>		
NOTE 15: SCREENING SERVICES		
Screening Providers are paid to provide screening services only. Provided below is the amount paid to all screening providers that screen across the state of Victoria.		
Screening	9,170,432	8,581,613

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
NOTE 16: READING AND ASSESSMENT SERVICES		
Reading and assessment services are paid to provide reading, assessment and biopsy services. Provided below are the amounts paid to the health service providers.		
Metro		
Maroondah	2,696,577	2,370,008
Monash	2,869,595	3,493,626
North Western	2,875,299	3,069,533
St Vincent's Hospital	3,334,093	3,637,229
Rural		
Bendigo	1,269,916	1,297,056
Gippsland	1,051,660	1,134,759
Grampian	1,133,146	1,139,836
Geelong	1,554,965	1,543,734
	16,785,251	17,685,779
NOTE 17: COORDINATION UNIT EXPENSES		
Operating		
Salaries and On-Costs	5,916,869	5,275,503
Depreciation and Amortisation expense	1,458,297	1,064,273
Travel Expenses	58,486	48,345
Office Expenses	1,532,142	1,283,069
Communication Expenses	398,782	495,321
Motor Vehicle Expenses	42,211	41,948
Building Expenses	592,175	566,449
Computer, Furniture and Equipment	594,075	656,781
Administration Expenses	276,312	168,604
Special Projects		
Salaries and On-Costs	1,650,164	1,919,979
Travel Expenses	7,238	10,544
Office Expenses	17,840	20,435
Communication Expenses	-	6,670
Building Expenses	62,046	809
Computer, Furniture and Equipment	15,404	30,381
Administration Expenses *	2,066,584	745,680
Digital Site Expenses	1,585,799	1,574,885
Total	16,274,424	13,909,676

The increase in the BCU costs in 2012/13 are largely attributable to the centralisation of recruitment functions, shifting the costs away from the service providers to the BreastScreen Coordination Unit.

* Includes \$1.3m for mass media campaign.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
NOTE 18: DIGITAL MAMMOGRAPHY PROJECT (DMP)		
Brought forward unspent from prior year	20,285	20,285
Digital Grant	5,434,354	5,562,199
Project Management Expenditure	(2,521,558)	(2,888,540)
Capital Expenditure – Computer Equipment	(1,050,088)	(749,454)
– Medical Equipment	(1,470,172)	(748,576)
– Software and Licence	(381,143)	(810,469)
– Furniture and Fittings	(11,393)	(28,058)
– Mobile Screening Vans	-	(337,102)
Surplus of DMP Grant	20,285	20,285
Grant received recognised in Deferred Income	3,211,457	3,001,701

NOTE 19: RELATED PARTIES

The names of persons who were Board members at any time during the year are set out in the Annual Report. There were no other transactions that require disclosure for the year ended 30 June 2013.

NOTE 20: KEY MANAGEMENT AND DIRECTORS REMUNERATION

Salaries – short term benefit	701,731	726,901
Termination payments	2,172	7,039
Superannuation – post employment benefit	57,890	60,973
Total	761,793	794,913

NOTE 21: ECONOMIC DEPENDENCY

A significant portion of income is received by way of recurrent and capital grants from the Victorian State Government.

NOTE 22: CONTINGENCIES

BreastScreen Victoria have no contingent assets or liabilities as at 30 June 2013 (2012: Nil).

NOTE 23: EVENTS OCCURRING AFTER THE REPORTING PERIOD

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:

- (i) the operations of BreastScreen Victoria Inc.
- (ii) the results of these operations; or
- (iii) the state of affairs of BreastScreen Victoria Inc. in subsequent financial years.

NOTE 24: MAKE GOOD PROVISION

BreastScreen Victoria have recognized \$ 50,000 in the financial year ended 30 June 2013 for this provision. This represents the present value of costs expected to be incurred at the end of the lease.

BOARD OF MANAGEMENT DECLARATION

In the opinion of the Board of Management:

- a) the financial report as set out on pages 1 to 21:
 - (i) complies with Accounting Standards, the *Associations Incorporation Act (Vic) 1981* and other mandatory professional reporting requirements,
 - (ii) gives a true and fair view of BreastScreen Victoria Inc.'s financial position as at 30 June 2013 and of their performance for the financial year ended on that date.
- b) there are reasonable grounds to believe that BreastScreen Victoria Inc. will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with the resolution of the Board of Management:



Professor Katherine McGrath
Chair



Ms Anne Cronin
Treasurer

3 September 2013



Independent auditor's report to the members of BreastScreen Victoria Inc.

Report on the financial report

We have audited the accompanying financial report of BreastScreen Victoria Inc. (the association), which comprises the balance sheet as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Board of Management declaration.

The Director's responsibility for the financial report

The Director's of the association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Associations Incorporations Act (Vic) 1981, and for such internal control as the director's of the association determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director's of the association, as well as evaluating the overall presentation of the financial report.

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

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Auditor's opinion

In our opinion, the financial report of BreastScreen Victoria Inc.:

- (a) presents fairly, in all material respects, the association's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complies with Australian Accounting Standards (including the Australian Accounting Interpretations).

PricewaterhouseCoopers

PricewaterhouseCoopers

Amanda Campbell

Amanda Campbell
Partner

Melbourne
3 September 2013

breastscreen.org.au

BreastScreen Victoria

Caring about Women

