

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



BreastScreen
Victoria

Financial Report

For the year ended 30 June 2017

2017



TREASURER'S REPORT



I am pleased to present to you the 2016/17 Annual Accounts of BreastScreen Victoria Inc. The results for the year reflect the dedicated work of the BreastScreen Victoria 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 and Human Services.

The financial statements for the year report that the activities of BreastScreen Victoria Inc. resulted in an operating deficit of (\$259,473). The overall deficit was (\$1,311,002) after taking account of special projects.

BreastScreen Victoria Inc. continues to deliver outstanding results with an overall performance to screening target in 2016/17 of 98.9% or 253,889 women screened (246,359 women screened in 2015/16). BreastScreen Victoria continues to focus on increasing access to all women in Victoria and in 2016/17 screened 120.6% of the target for women in the 70–74 age group, 111.6% for women in the Aboriginal and Torres Strait Islander group and 99.6% of women in the culturally and linguistically diverse group.

In what has become a heavily technology-reliant environment, BreastScreen Victoria is focused on sustainability, now and into the future. It was pleasing to learn that an efficiency review commissioned by the state government confirmed the Victorian breast screening service a cost-efficient program.

2016/17 continued to find BreastScreen Victoria Inc. challenged by both the steady increase in the number of

women screened and the cost of operating in a digital environment. Understanding how BreastScreen will be sustainable into the future is a major focus for the coming year. BreastScreen Victoria appreciates the support of the Department of Health and Human Services as we continue to understand how to meet the challenges brought by technology and the ever-increasing number of women screened.

The major focus for the Corporate Services team in 2016/2017 was the negotiation of the 2017–2020 BreastScreen Victoria Enterprise Agreement which is yet to be finalised. In addition, the team developed formal structures to support the development of the Leadership Group to deliver on the organisation's strategic objectives.

In 2017/2018 the Corporate Services team will focus on developing better project management systems for the implementation of large projects and a recalibration of both the activity based funding model and the service delivery contracts.

A summary of the year includes:

- Funding provided by the Department of Health and Human Services for screening and assessment activity to 30 June 2017 was \$44m.
- Expenditure relating to service delivery was \$39.1m (an increase of 3.3% from 2015/16) and was incurred by Screening Service providers, Reading and Assessment Service providers and the BreastScreen Victoria Coordination Unit.



- Screening Service providers and Reading and Assessment Services provided direct services to women while the BreastScreen Victoria Coordination Unit provided mobile screening services and support via the Service Delivery, Information Management, Contact Centre, Communications and Client Recruitment, Information and Communication Technology, and Quality units.
- BreastScreen Victoria Management expenditure of \$5.4m (15.9% increase from 2015/16) includes depreciation expenses, governance costs, increase in information and communication technology costs relating to system support (due to increased screening activity), and Coordination Unit infrastructure costs – particularly the straight-line adjustment of rent expense (in accordance with relevant Australian accounting standards). In addition, 2015/16 included \$459k of capitalised costs for the client management system which was not included in 2016/17.

In conclusion, I would like to acknowledge all those who continue to work diligently in delivering an effective and efficient Program. I thank them for their time and resources in assisting BreastScreen Victoria fulfil its objectives of delivering a quality service to the women of Victoria.

Wayne Tattersall
Treasurer

BREASTSCREEN VICTORIA INC.

ANNUAL FINANCIAL REPORT – 30 JUNE 2017

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

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 10 October 2017. The Board of Management have the power to amend and reissue the financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
REVENUES			
Government grants			
Screening and Cancer Prevention		43,834,495	42,000,140
Other revenue	4	477,997	629,409
Total revenue from operating activities		44,312,492	42,629,549
EXPENDITURE			
Screening Service Providers	15	11,545,626	10,874,017
Mobile Screening Services	15	742,860	893,428
Reading and Assessment Services	16	19,742,149	19,334,030
BreastScreen Coordination Unit			
Service Providers Support			
Service Delivery and Information Services	17	1,771,747	1,760,588
Contact Centre	17	1,067,164	1,099,031
Quality	17	333,548	370,811
Communications and Client Recruitment	17	1,337,776	1,293,370
Information and Communication Technology – External	17	2,524,562	2,207,585
BreastScreen Victoria Management			
Executive	17	635,574	629,452
Corporate Services	17	3,453,209	3,107,421
Information and Communication Technology – Internal	17	1,308,911	895,066
Specific Projects			
Electronic Records Management	17	328,074	274,821
Other Special Projects	17	832,294	1,471,743
Total expenses		45,623,494	44,211,364
Net deficit for the year		(1,311,002)	(1,581,815)
Other comprehensive income		–	–
Total comprehensive deficit for the year		(1,311,002)	(1,581,815)

BALANCE SHEET

AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	9,322,405	10,311,094
Receivables	6	743,927	423,247
Total current assets		10,066,332	10,734,341
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,005,280	2,980,998
Intangible assets	8	725,260	1,113,588
Total non-current assets		2,730,540	4,094,586
Total assets		12,796,872	14,828,927
CURRENT LIABILITIES			
Payables	9	4,866,347	5,570,400
Provisions	10	1,113,402	1,083,299
Total current liabilities		5,979,749	6,653,699
NON-CURRENT LIABILITIES			
Provisions	10	323,742	370,845
Total non-current liabilities		323,742	370,845
Total liabilities		6,303,491	7,024,544
Net assets		6,493,381	7,804,383
EQUITY			
Reserves	11	9,608,929	9,677,611
Accumulated surplus/(deficit)	12	(3,115,548)	(1,873,228)
Total equity		6,493,381	7,804,383



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
ACCUMULATED SURPLUS			
Opening accumulated surplus/(deficit)		(1,873,228)	(1,308,629)
Total comprehensive deficit for the year		(1,311,002)	(1,581,815)
Transfers (to)/from Reserves		68,682	1,017,216
Accumulated (deficit)/surplus at year end	12	(3,115,548)	(1,873,228)
RESERVES			
Opening reserves		9,677,611	10,694,827
Transfer from/(to) to accumulated surplus		(68,682)	(1,017,216)
Reserves at year end	11	9,608,929	9,677,611
Total equity at year end		6,493,381	7,804,383

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government grants and others		47,994,789	47,009,934
Interest received		231,144	319,778
Payments to suppliers and employees		(48,872,464)	(46,171,384)
Cash (outflow)/inflow from operating activities	13	(646,531)	1,158,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchases of property, plant and equipment and intangible assets		(357,158)	(1,511,040)
Proceeds from sale of property, plant and equipment and intangible assets		15,000	21,615
Cash (outflow) from investing activities		(342,158)	(1,489,425)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease)/increase in cash held		(988,689)	(331,097)
Cash and cash equivalents at beginning of year		10,311,094	10,642,191
Cash and cash equivalents at end of year	5	9,322,405	10,311,094

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* and gained charitable status on 22 April 2016.

The financial report for the year ended 30 June 2017 was authorised for issue by a resolution of the Board of Management on 10 October 2017.

The following is a summary of the significant 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 50-74 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. The BreastScreen Coordination Unit (BCU) develops and reviews program policy, manages the centralised Contact Centre, coordinates the Mobile Screening Service, manages client information, coordinates the state-wide communications and recruitment, monitors service provision, manages quality, coordinates special projects and administers the funding for a network of accredited Screening and Reading 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

These general purpose financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements, accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Reform Act 2012*.

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 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income

and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, 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 judgments 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) Leases

BreastScreen Victoria has entered into lease of premises as disclosed in Note 14. Management has determined all risks and reward of ownership of these premises remain with the lessor and has therefore classified the lease as an operating lease.

(ii) 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.

(iii) 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 are set out in note 1(d) & (e).

(iv) Make-good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the estimates of likely restoration costs determined by expert consultants. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

(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 include 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

Bases of measurement of carrying amount

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

ASSET 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 development and enhancement of the assets. 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 six years.

Currently BreastScreen Victoria Inc. has developed a database that is amortised on a straight-line basis. Further, BreastScreen Victoria Inc. acquired software licenses that are also amortised on a straight-line basis.

ASSET CLASS	Amortisation rate as %
Database development	20%
Software & licenses	16.67% – 50%

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

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

(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 of high quality corporate 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.

BreastScreen Victoria Inc. was registered by the Australian Charities and Not for Profit Commission on 22 April 2016 as a Health Promotion Charity.

(h) Public liability/General insurance

BreastScreen Victoria Inc. is insured through VMIA under the direction of the Department of Health and Human Services.

(i) Tax status

BreastScreen Victoria Inc. is a charitable institution for the purposes of Australian taxation legislation and from 22 April 2016 has been endorsed to access charity tax concessions including income tax, GST and FBT exemptions. BreastScreen Victoria Inc. was also endorsed as a deductible gift recipient on 22 April 2016.

(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 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.

(l) Revenue

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.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from interest earnings may support operating activities.

(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 reporting year when control of the underlying asset is gained. The timing of the receipt of payments for work undertaken is typically set out in the project contract. Payments received up to 30 June 2017, which have not been earned, are recognised as deferred income at 30 June 2017 and will only be recognised as income when BreastScreen Victoria Inc. has met the conditions set out in the project contract and gained control of the underlying asset.

(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. may 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 meeting other liabilities including employee entitlements.

(ii) Capital Replacement Reserves

BreastScreen Victoria Inc. may maintain in reserve, funds for the purpose of replacing capital equipment held on the asset register. Capital expenditure relating to service providers is funded through the government's capital replacement programs and not by way of reserve.

(iii) Special Project Reserve

BreastScreen Victoria Inc. may maintain in reserve, funds designated for special projects that progress strategic directions, as endorsed by the Finance and Audit Committee and approved in line with the Delegations Manual.

(iv) General Reserve

BreastScreen Victoria Inc. may maintain in reserve, funds for the winding down of Reading and Assessment Services. The amount of these reserves provides for an allocation of \$50,000 for each metropolitan service and \$25,000 for each rural service.

(v) Base Reserve

BreastScreen Victoria Inc. may 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. may hold a minimum of \$500,000 up to a maximum of \$2 million in this Reserve.

(c) 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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 3: NET RESULT FROM CONTINUING OPERATIONS		
Deficit for the year has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	1,282,592	1,268,440
Amortisation of intangible assets	378,928	375,156
Provisions for employee benefits	(17,000)	94,576
Rental expenses on operating leases – minimum lease payments	445,322	344,451
NOTE 4: OTHER REVENUE		
Funding for special projects	108,836	140,525
NSW screens	107,296	130,496
Interest received	241,071	294,193
Other income	26,136	–
Donation	5	–
(Loss)/profit from disposal of non-current assets	(5,347)	64,195
Total	477,997	629,409
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	600	600
Cash at bank	1,821,805	2,810,494
Deposits at call	7,500,000	7,500,000
Total	9,322,405	10,311,094
BreastScreens Victoria Inc.'s exposure to interest rate risk is discussed in Note 2.		
NOTE 6: RECEIVABLES		
CURRENT		
Trade receivables	13,259	13,010
Accrued revenue	284,568	44,169
Sundry debtors	7,000	7,000
Prepayments	394,816	359,068
GST receivable	44,284	–
Total	743,927	423,247

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Computer equipment – at cost	4,801,071	4,559,493
Accumulated depreciation	(3,669,192)	(2,933,706)
Written down value	1,131,879	1,625,787
Motor Vehicles – at cost	168,821	165,034
Accumulated depreciation	(89,537)	(68,029)
Written down value	79,284	97,006
Office equipment – at cost	446,174	481,163
Accumulated depreciation	(415,016)	(394,775)
Written down value	31,158	86,388
Furniture and fittings – at cost	151,476	148,869
Accumulated depreciation	(123,535)	(115,036)
Written down value	27,941	33,833
Leasehold improvement – at cost	1,294,153	1,238,054
Make good cost (i)	78,000	78,000
Accumulated depreciation	(1,177,775)	(1,131,220)
Written down value	194,378	184,833
Mobile screening van equipment – at cost	838,564	838,564
Accumulated depreciation	(802,912)	(744,860)
Written down value	35,652	93,703
Digital project equipment (pilot) – at cost	1,136,221	1,136,221
Accumulated depreciation	(1,136,221)	(1,136,221)
Written down value	-	-
Medical equipment – at cost	2,519,874	2,519,873
Accumulated depreciation	(2,014,886)	(1,660,427)
Written down value	504,988	859,446
Total written down value property, plant and equipment	2,005,280	2,980,998

(i) BreastScreen Victoria entered into a new lease agreement for the Carlton South premises in May 2016 for a six-year period. As per the agreement, BreastScreen Victoria is required to restore the premises to the original condition at the end of the lease term. The cost of \$78,000 has been capitalised and a corresponding provision can be found in Note 10.

Movements in carrying amounts

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

2017	Opening net book amount	Additions	Disposals	Depreciation/ (transfer)	Closing net book amount
Computer equipment	1,625,787	256,974	(2,652)	(748,230)	1,131,879
Motor vehicles	97,006	47,438	(18,602)	(46,558)	79,284
Office equipment	51,399	-	-	(20,241)	31,158
Furniture and fittings	33,833	2,607	-	(8,498)	27,942
Leasehold improvement	184,835	56,099	-	(46,555)	194,379
Mobile screening van equipment	93,704	-	-	(58,052)	35,652
Medical equipment	859,446	-	-	(354,458)	504,988
Asset Clearing account	44,389	-	-	(44,389)	-
Total	2,990,399	363,118	(21,254)	(1,326,981)	2,005,280

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 8: INTANGIBLE ASSETS		
Database development – at cost	1,710,274	1,710,274
Accumulated amortisation	(1,388,877)	(1,297,052)
Written down value	321,397	413,222
Software and licenses	2,088,979	2,098,379
Accumulated amortisation	(1,685,116)	(1,398,013)
Written down value	403,863	700,366
Total written down value intangible assets	725,260	1,113,588

Movements in carrying amounts

2017	Opening net book amount	Additions	Disposals	Amortisation	Closing net book amount
Database development	413,221	–	–	(91,824)	321,397
Software and licenses	690,967	–	–	(287,104)	403,863
Total	1,104,188	–	–	(378,928)	725,260

	2017 \$	2016 \$
NOTE 9: PAYABLES		
Trade creditors	333,572	930,916
Accruals and other creditors	3,465,446	3,426,928
Taxes and salaries and wages	87,575	122,123
Deferred income – Department of Health and Human Services	979,754	1,090,433
Total	4,866,347	5,570,400

The average credit period on trade creditors is 30 days. No interest is charged. The deferred income balance as at 30 June 2017 relates largely to funds received from the Department of Health and Human Services for services not yet performed.

NOTE 10: PROVISIONS

CURRENT		
Employee benefits – annual leave	517,751	482,113
Employee benefits – long service leave	595,651	601,186
Total	1,113,402	1,083,299
NON-CURRENT		
Employee benefits – long service leave	245,742	292,845
Make-good provision	78,000	78,000
Total	323,742	370,845



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 11: RESERVES		
Contractual liabilities reserve	1,975,171	1,916,608
Capital replacement reserve	1,043,154	1,516,340
Special purpose reserve *	4,290,604	3,944,663
Base reserve	2,000,000	2,000,000
Reading and Assessment Services contingency funds	300,000	300,000
Total	9,608,929	9,677,611
<p>* The special purpose reserve records funds set aside for committed activities as approved by Board of Management. In the current year it is proposed the special purpose reserve of \$4,290,604 may be utilised to fund the following projects:</p>		
Capital projects funded by DHHS	963,899	
Business process strategies and improvements	1,932,824	
Quality improvement	684,308	
Communications and recruitment activity	329,900	
Client-centric improvement	145,902	
Mass media	233,771	
Total	4,290,604	
NOTE 12: ACCUMULATED SURPLUS/(DEFICIT)		
Accumulated surplus (deficit) at the beginning of the financial year	(1,873,228)	(1,308,629)
Surplus/(deficit) for the year	(1,311,002)	(1,581,815)
Transfers from/(to) reserves	68,682	1,017,216
Total	(3,115,548)	(1,873,228)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 13: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with net result for the year		
Net result for the year	(1,311,002)	(1,581,815)
Non-cash flows in deficit for the year		
Depreciation and amortisation	1,661,520	1,643,597
Net Loss/(Gain) on disposal of assets	5,347	(64,195)
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(240,648)	64,445
(Increase)/Decrease in other current assets	(80,032)	529,896
(Decrease)/Increase in payables and accrued expenses	(554,037)	422,945
(Decrease)/Increase in funds in advance	(110,679)	48,878
(Decrease)/Increase in provisions	(17,000)	94,576
Net cash inflow from operating activities	(646,531)	1,158,328
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	584,939	373,603
– later than one year but not later than five years	1,942,184	1,954,983
– later than five years	–	433,535
Total	2,527,123	2,762,121
<p>The property lease is a non-cancellable lease with a six-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. An option exists on the lease to renew the term for an additional term of six years. The lease only allows for subletting of the lease area with the landlord's written consent.</p>		
NOTE 15: SCREENING SERVICE PROVIDERS		
<p>Screening service providers are paid to provide screening services only. Provided below is the amount paid to all screening service providers that screen across the state of Victoria. Also included is the cost of screening by the mobile screening service.</p>		
Screening service providers	11,545,626	10,874,017
Mobile screening service	742,860	893,428

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
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 reading and assessment service providers.		
Metro		
Eastern Health	2,531,944	2,384,779
Monash Health	4,275,705	4,062,437
Melbourne Health	3,373,861	3,132,729
St Vincent's Hospital	3,852,634	3,716,474
Rural		
Bendigo Health	1,411,166	1,635,742
Latrobe Regional Hospital	1,426,856	1,552,859
Ballarat Health Service	1,103,463	1,271,105
Lake Imaging	1,766,520	1,577,905
Total	19,742,149	19,334,030
NOTE 17: COORDINATION UNIT EXPENSES		
Operating		
Salaries and on-costs	7,019,524	6,469,002
Depreciation and amortisation expense	1,661,520	1,643,597
Travel expenses	45,258	62,899
Office expenses	1,766,737	1,791,415
Communication expenses	492,898	414,389
Motor vehicle expenses	64,108	7,527
Rent and outgoings	707,947	625,480
Computer, equipment and support	1,160,068	966,151
Administration expenses	257,293	303,547
Total – Operating	13,175,353	12,284,007
Special Projects		
Salaries and on-costs	524,537	543,529
Travel expenses	1,153	3,674
Office expenses	2,237	739
Communication expenses	11,856	–
Motor vehicle expenses	869	1,745
Rent and outgoings	–	–
Computer, equipment and support	71,759	76,918
Administration expenses	547,956	1,117,607
Total – Special Projects	1,160,367	1,744,212
Total – Operating and Special Projects	14,335,720	14,028,219

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 18: DIGITAL MAMMOGRAPHY PROJECT (DMP)		
Brought forward unspent from prior year	–	470,283
Project management expenditure	–	(470,283)
Surplus of DMP Grant	–	–

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 2017.

NOTE 20: KEY MANAGEMENT AND DIRECTORS REMUNERATION

Salaries – short term benefit	1,003,673	992,696
Termination payments	3,835	1,976
Superannuation	93,368	88,029
Total	1,100,876	1,082,701

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 Inc. have no contingent assets or liabilities as at 30 June 2017 (2016 : 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 Inc. has a \$78,000 provision to make good existing property at the end of the lease term. 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 22 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (i) complies with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and other mandatory professional reporting requirements,
 - (ii) gives a true and fair view of BreastScreen Victoria Inc.'s financial position as at 30 June 2017 and of its 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

Wayne Tattersall
Treasurer

10 October 2017



Independent auditor's report

To the members of BreastScreen Victoria Inc.

Our opinion

In our opinion:

The accompanying financial report of BreastScreen Victoria Inc. (the Association) is in accordance with Division 60 the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the Associations Incorporation Reform Act 2012, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flow for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the Board of Management.

Basis for opinion

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

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

Independence

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' report included in the Annual financial report, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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

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

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

Responsibilities of the Board of Management for the financial report

The Board of Management 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 - Reduced Disclosure Requirements and *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Management is responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives 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 our 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Amanda Campbell

Amanda Campbell
Partner

Melbourne
10 October 2017



Auditor's Independence Declaration

As lead auditor for the audit of BreastScreen Victoria Inc. for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'A Campbell'.

Amanda Campbell
Partner
PricewaterhouseCoopers

Melbourne
10 October 2017

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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breastscreen.org.au

2016 =

