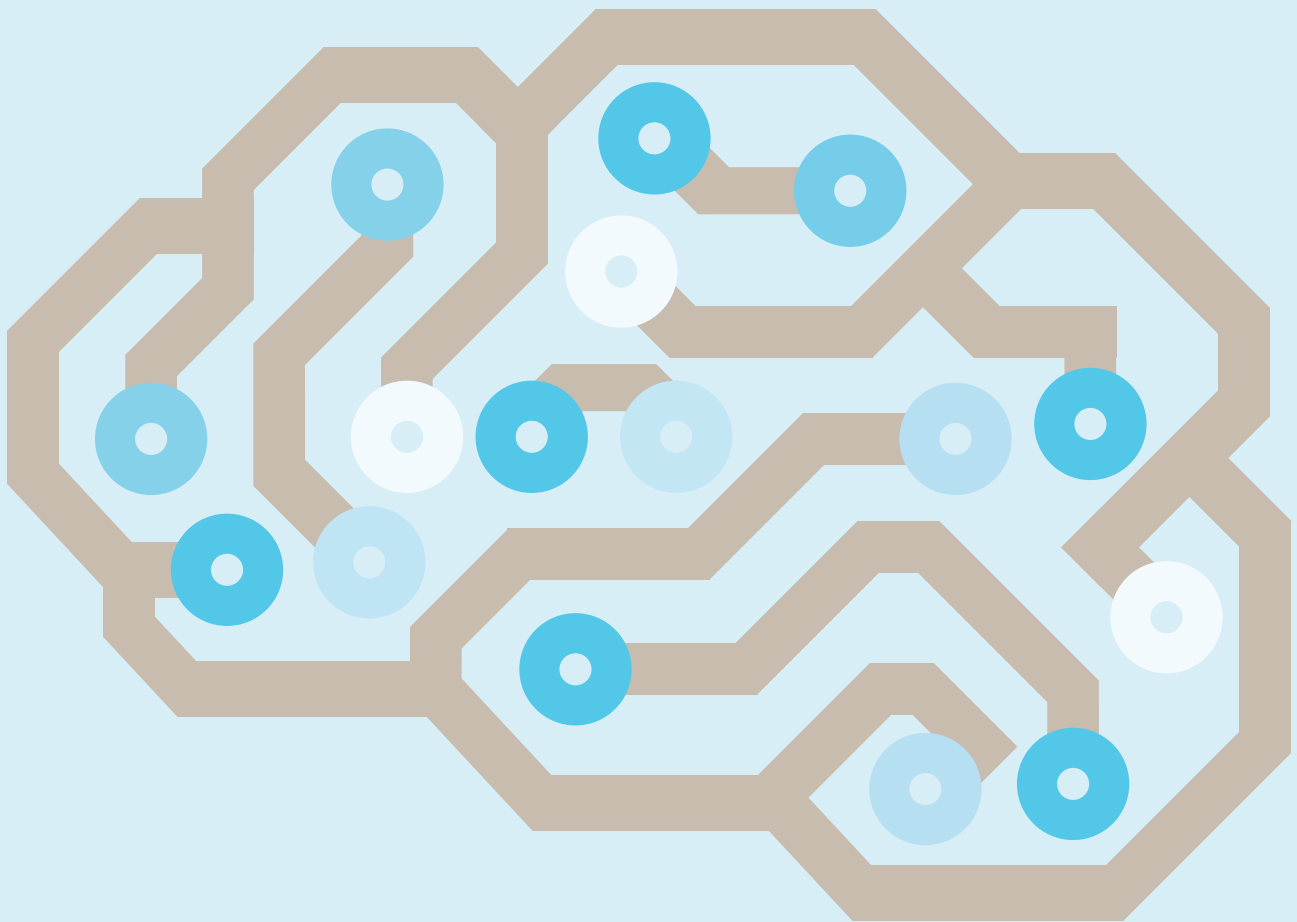


**BreastScreen Victoria Inc.**  
Registration Number: A0025878W  
ABN: 54 505 206 361



**FINANCIAL REPORT**  
For the year ended 30 June 2016

## TREASURER'S REPORT



Having joined the BreastScreen Victoria Inc. Board of Management in December 2015, and been appointed Treasurer in April 2016, it is with great pleasure that I present to you the 2015/16 Annual Audited Accounts.

I take this opportunity to thank Anne Cronin, former Treasurer, for her many years of dedication to BreastScreen Victoria Inc. and for assisting my transition into the role. BreastScreen Victoria Inc. was granted charitable status as a health promotion charity in April 2016, and Anne was instrumental in providing direction and support to this submission.

As a new board member, learning about the business quickly is vital for good decision making. My observations have revealed BreastScreen Victoria Inc. as a considerably complex organisation with extensive differences when compared to other not-for-profit entities. Also apparent is BreastScreen Victoria Inc.'s dependency on technology and the challenges this presents. Despite the idiosyncratic nature of business, BreastScreen Victoria Inc. has achieved great work; screening more women than ever, and performing within a surplus operating result.

In 2015/16 BreastScreen Victoria Inc. delivered an outstanding 100.14% of targeted screenings, or 246,358 women screened (241,122 in 2014/15). BreastScreen Victoria Inc. now routinely invites women in the 70-74 age group after the Program was expanded to include these women in 2013/14. The result reflects the commitment of the BreastScreen Victoria Inc. team to deliver a quality service to an ever-increasing and diverse number of Victorian women.

With the sustained year-on-year rise in the number of women screened, BreastScreen Victoria Inc. is facing increased challenges as the reliance on technology continues to present financial pressures. Innovation through the Electronic Records Management project is assisting to meet these challenges and is being realised statewide. BreastScreen Victoria Inc. is currently focusing on understanding the financial consequences of a fully digital workflow, while maintaining investment, in order to keep abreast of emerging technology.

The financial statements reflect how BreastScreen Victoria Inc. has managed an operating surplus of \$24,224. After taking into account investment activities including the Electronic Records Management project, the cost of the mass media campaign, and the projects commissioned by the Board to progress BreastScreen Victoria Inc.'s strategic direction, the overall deficit for 2015/16 is (\$1,581,815).

Total reserves of \$10.69m have decreased by \$1.02m and comprise a contractual liabilities reserve of \$1.92m, capital replacement reserve of \$1.52m, special purpose reserve of \$3.94m, base reserves of \$2m and general reserve of \$0.30m. The purpose of the special purpose reserve is to provide funds for Board-approved activities that progress strategic direction. The base reserve continues to generate additional interest revenue to help fund strategic initiatives including research projects.

In 2015/16 the Corporate Services team implemented an in-house payroll system which resulted in greater efficiencies and flexibility. In 2016/17 the major focus for the Corporate Services team will be to ensure financial sustainability in a digital environment and to finalise the update of policies across the organisation.

BreastScreen Victoria Inc.'s relationship with the Department of Health and Human Services continues to support quality service delivery to the women of Victoria and we thank them for their ongoing support.

A summary of the year includes:

- Funding provided by the Department of Health and Human Services for screening and assessment activity to 30 June 2016 was \$42m.
- Expenditure relating to service delivery was \$37.83m (an increase of 5.6% from 2014/15) 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 services and support via the Service Delivery, Information Management, Communications and Client Recruitment, Information and Communication Technology and Quality units.
- BreastScreen Victoria Inc. management expenditure of \$4.63m (a decrease of 4% from 2014/15) includes depreciation expenses, Coordination Unit infrastructure and governance costs.

In conclusion I would like to thank BreastScreen Victoria Inc.'s staff for their commitment to quality and their dedication to delivering a client focused service to the women of Victoria.



**Wayne Tattersall**  
Treasurer

# BREASTSCREEN VICTORIA INC.

## ANNUAL FINANCIAL REPORT – 30 JUNE 2016

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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 27 September 2016. The Board of Management have the power to amend and reissue the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>REVENUES</b>			
Revenue from operating activities			
Government grants			
Screening and Cancer Prevention		42,000,140	40,657,246
Other revenue	4	629,409	476,463
<b>Total revenue from ordinary activities</b>		<b>42,629,549</b>	<b>41,133,709</b>
<b>EXPENDITURE</b>			
Screening Service Providers	15	10,874,017	10,384,957
Mobile Screening Service	15	893,428	852,117
Reading and Assessment Services	16	19,334,030	18,050,575
BreastScreen Coordination Unit			
Service Providers Support			
Service Delivery and Information Services	17	1,760,588	1,759,413
Contact Centre	17	1,099,031	1,083,383
Quality	17	370,811	292,612
Communications and Client Recruitment	17	1,293,370	1,243,997
Information and Communication Technology – External	17	2,207,585	2,156,943
BreastScreen Victoria Management			
Executive	17	629,452	663,165
Corporate Services	17	3,107,421	3,167,406
Information and Communication Technology – Internal	17	895,066	993,936
Specific Projects			
Digital Mammography Project	17	–	8,372
Electronic Records Management	17	274,821	780,180
Other Special Projects	17	1,471,743	1,799,123
<b>Total expenses</b>		<b>44,211,364</b>	<b>43,236,179</b>
<b>Net deficit for the year</b>		<b>(1,581,815)</b>	<b>(2,102,470)</b>
Other comprehensive income		–	–
<b>Total comprehensive deficit for the year</b>		<b>(1,581,815)</b>	<b>(2,102,470)</b>

## BALANCE SHEET AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	10,311,094	10,642,191
Receivables	6	423,247	1,017,589
<b>Total current assets</b>		<b>10,734,341</b>	<b>11,659,780</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,980,998	3,241,973
Intangible assets	8	1,113,588	1,016,711
<b>Total non-current assets</b>		<b>4,094,586</b>	<b>4,258,684</b>
<b>Total assets</b>		<b>14,828,927</b>	<b>15,918,464</b>
<b>CURRENT LIABILITIES</b>			
Payables	9	5,570,400	5,172,699
Provisions	10	1,083,299	1,045,189
<b>Total current liabilities</b>		<b>6,653,699</b>	<b>6,217,888</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	370,845	314,378
<b>Total non-current liabilities</b>		<b>370,845</b>	<b>314,378</b>
<b>Total liabilities</b>		<b>7,024,544</b>	<b>6,532,266</b>
<b>Net assets</b>		<b>7,804,383</b>	<b>9,386,198</b>
<b>EQUITY</b>			
Reserves	11	9,677,611	10,694,827
Accumulated surplus/(deficit)	12	(1,873,228)	(1,308,629)
<b>Total equity</b>		<b>7,804,383</b>	<b>9,386,198</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>ACCUMULATED SURPLUS</b>			
Opening accumulated surplus/(deficit)		(1,308,629)	1,647,327
Total comprehensive deficit for the year		(1,581,815)	(2,102,470)
Transfers (to)/from Reserves		1,017,216	(853,486)
<b>Accumulated (deficit)/surplus at year end</b>	<b>12</b>	<b>(1,873,228)</b>	<b>(1,308,629)</b>
<b>RESERVES</b>			
Opening reserves		10,694,827	9,841,341
Transfer from/(to) to accumulated surplus		(1,017,216)	853,486
<b>Reserves at year end</b>	<b>11</b>	<b>9,677,611</b>	<b>10,694,827</b>
<b>Total equity at year end</b>		<b>7,804,383</b>	<b>9,386,198</b>

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from government grants and others		47,009,934	46,347,267
Interest received		319,778	394,462
Payments to suppliers and employees		(46,171,384)	(45,895,807)
<b>Cash inflow from operating activities</b>	<b>13</b>	<b>1,158,328</b>	<b>845,922</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchases of property, plant and equipment and intangible assets		(1,511,040)	(747,706)
Proceeds from sale of property, plant and equipment and intangible assets		21,615	1,760
<b>Cash outflow from investing activities</b>		<b>(1,489,425)</b>	<b>(745,946)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net (decrease)/increase in cash held		(331,097)	99,976
Cash and cash equivalents at beginning of year		10,642,191	10,542,215
<b>Cash and cash equivalent at end of year</b>	<b>5</b>	<b>10,311,094</b>	<b>10,642,191</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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 2016 was authorised for issue by a resolution of the Board of Management on 27 September 2016.

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 Disclosures 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 2015 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 Inc. 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



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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. 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.

### (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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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 1987*. 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 2016, which have not been earned, are recognised as deferred income at 30 June 2016 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### (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.

## 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) 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 2016

	2016 \$	2015 \$
<b>NOTE 3: NET RESULT FROM CONTINUING OPERATIONS</b>		
Surplus from ordinary activities has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	1,268,440	1,230,646
Amortisation of intangible assets	375,156	309,577
Provisions for employee benefits	94,576	43,400
Rental expenses on operating leases – minimum lease payments	344,451	258,239
<b>NOTE 4: OTHER REVENUE</b>		
Funding for Special Projects	140,525	–
NSW Screens	130,496	129,537
Interest received	294,193	345,166
Profit from disposal of non-current assets	64,195	1,760
<b>Total</b>	<b>629,409</b>	<b>476,463</b>
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	600	600
Cash at bank	2,810,494	1,268,249
Deposits at call	7,500,000	9,373,342
<b>Total</b>	<b>10,311,094</b>	<b>10,642,191</b>
BreastScreen Victoria Inc.'s exposure to interest rate risk is discussed in Note 2.		
<b>NOTE 6: RECEIVABLES</b>		
<b>CURRENT</b>		
Trade receivables	13,010	61,239
Accrued revenue	44,169	60,386
Sundry debtors	7,000	7,000
Prepayments	359,068	445,076
Loan to Bendigo Health	–	443,888
<b>Total</b>	<b>423,247</b>	<b>1,017,589</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>		
Computer equipment – at cost	4,559,493	3,976,792
Accumulated depreciation	(2,933,706)	(2,250,212)
<b>Written down value</b>	<b>1,625,787</b>	<b>1,726,580</b>
Motor Vehicles – at cost	165,034	184,714
Accumulated depreciation	(68,029)	(130,929)
<b>Written down value</b>	<b>97,006</b>	<b>53,785</b>
Office equipment – at cost	481,163	446,174
Accumulated depreciation	(394,775)	(346,688)
<b>Written down value</b>	<b>86,388</b>	<b>99,486</b>
Furniture and fittings – at cost	148,869	130,358
Accumulated depreciation	(115,036)	(106,401)
<b>Written down value</b>	<b>33,833</b>	<b>23,957</b>
Leasehold improvement – at cost	1,238,054	1,107,873
Make good cost (i)	78,000	50,000
Accumulated depreciation	(1,131,220)	(1,073,526)
<b>Written down value</b>	<b>184,834</b>	<b>84,347</b>
Mobile screening van equipment – at cost	838,564	838,564
Accumulated depreciation	(744,860)	(683,717)
<b>Written down value</b>	<b>93,704</b>	<b>154,847</b>
Digital project equipment (pilot) – at cost	1,136,221	1,136,221
Accumulated depreciation	(1,136,221)	(1,136,221)
<b>Written down value</b>	<b>-</b>	<b>-</b>
Medical equipment – at cost	2,519,873	2,399,123
Accumulated depreciation	(1,660,427)	(1,300,151)
<b>Written down value</b>	<b>859,446</b>	<b>1,098,972</b>
<b>Total written down value property, plant and equipment</b>	<b>2,980,998</b>	<b>3,241,974</b>

(i) BreastScreen Victoria Inc. 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 Inc. 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

2016	Opening net book amount	Additions	Disposals	Depreciation	Closing net book amount
Computer equipment	1,726,580	582,701	-	(683,494)	1,625,787
Motor vehicles	53,785	112,013	(19,679)	(49,112)	97,007
Office equipment	99,486	34,989	-	(48,087)	86,388
Furniture and fittings	23,957	18,511	-	(8,636)	33,832
Leasehold improvement	84,347	158,181	-	(57,694)	184,834
Mobile screening van equipment	154,847	-	-	(61,142)	93,705
Medical equipment	1,098,972	120,750	-	(360,275)	859,447
<b>Total</b>	<b>3,241,974</b>	<b>1,027,145</b>	<b>(19,679)</b>	<b>(1,268,440)</b>	<b>2,980,998</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 8: INTANGIBLE ASSETS</b>		
Database development – at cost	1,710,274	1,251,140
Accumulated amortisation	(1,297,052)	(1,251,140)
<b>Written down value</b>	<b>413,222</b>	<b>–</b>
Software and licenses	2,098,379	2,085,479
Accumulated amortisation	(1,398,012)	(1,068,768)
<b>Written down value</b>	<b>700,367</b>	<b>1,016,711</b>
<b>Total written down value intangible assets</b>	<b>1,113,589</b>	<b>1,016,711</b>

### Movements in carrying amounts

2016	Opening net book amount	Additions	Disposals	Amortisation	Closing net book amount
Database development	–	459,134	–	(45,912)	413,222
Software and licenses	1,016,711	12,900	–	(329,244)	700,366
<b>Total</b>	<b>1,016,711</b>	<b>472,034</b>	<b>–</b>	<b>(375,156)</b>	<b>1,113,588</b>

	2016 \$	2015 \$
<b>NOTE 9: PAYABLES</b>		
Trade creditors	930,916	1,113,051
Accruals and other creditors	3,426,928	2,899,905
Taxes and salaries and wages	122,123	114,958
Deferred income – Department of Health and Human Services	1,090,433	1,044,785
<b>Total</b>	<b>5,570,400</b>	<b>5,172,699</b>

The average credit period on trade creditors is 30 days. No interest is charged. Included in Accruals and other creditors is an amount of \$272,543 for services not performed on behalf of DHHS in 2015-16, that will be recalled in 2016-17. The deferred income balance as at 30 June 2016 relates largely to funds received from the Department of Health and Human Services for services not yet performed.

### NOTE 10: PROVISIONS

<b>CURRENT</b>		
Employee benefits – annual leave	482,113	499,101
Employee benefits – long service leave	601,186	546,088
<b>Total</b>	<b>1,083,299</b>	<b>1,045,189</b>
<b>NON-CURRENT</b>		
Employee benefits – long service leave	292,845	264,378
Make good provision	78,000	50,000
<b>Total</b>	<b>370,845</b>	<b>314,378</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 11: RESERVES</b>		
Contractual liabilities reserve	1,916,608	1,947,969
Capital replacement reserve	1,516,340	1,714,340
Special purpose reserve*	3,944,663	4,732,518
Base reserve	2,000,000	2,000,000
Reading and Assessment Services contingency funds	300,000	300,000
<b>Total</b>	<b>9,677,611</b>	<b>10,694,827</b>
<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 \$3,944,663 may be utilised to fund the following projects:</p>		
Externally Funded	70,785	
Capital Projects funded by DHHS	950,000	
Business Process Strategies and Improvements	1,413,896	
Quality Improvement	641,300	
Communications and Recruitment Activity	120,000	
Client Centric Improvement	160,000	
Mass Media	588,682	
<b>Total</b>	<b>3,944,663</b>	
<b>NOTE 12: ACCUMULATED SURPLUS/(DEFICIT)</b>		
Accumulated surplus/(deficit) at the beginning of the financial year	(1,308,629)	1,647,327
Surplus for the year	(1,581,815)	(2,102,470)
Transfers from/(to) reserves	1,017,216	(853,486)
<b>Total</b>	<b>(1,873,228)</b>	<b>(1,308,629)</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 13: CASH FLOW INFORMATION</b>		
<b>Reconciliation of cash flow from operations with net result for the year</b>		
Net result for the year	(1,581,815)	(2,102,470)
<b>Non-cash flows in surplus from ordinary activities</b>		
Depreciation and amortisation	1,643,597	1,540,223
Net (Gain)/Loss on disposal of assets	(64,195)	(1,760)
<b>Changes in assets and liabilities</b>		
(Increase)/Decrease in receivables	64,445	(11,235)
(Increase)/Decrease in other current assets	529,896	(167,617)
Increase/(Decrease) in payables and accrued expenses	422,945	542,655
Increase/(Decrease) in funds in advance	48,878	1,002,726
Increase/(Decrease) in provisions	94,576	43,400
<b>Net cash inflow from operating activities</b>	<b>1,158,328</b>	<b>845,922</b>

### 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	373,603	386,821
– later than one year but not later than five years	1,954,983	55,989
– later than five years	433,535	–
<b>Total</b>	<b>2,762,122</b>	<b>442,810</b>

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.

### NOTE 15: SCREENING SERVICE PROVIDERS

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.

Screening service providers	10,874,017	10,384,957
Mobile screening service	893,428	852,117



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
<b>NOTE 16: READING AND ASSESSMENT SERVICES</b>		
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.		
<b>Metro</b>		
Eastern Health	2,384,779	2,541,965
Monash Health	4,062,437	3,723,258
Melbourne Health	3,132,729	3,215,833
St Vincent's Hospital	3,716,474	3,551,466
<b>Rural</b>		
Bendigo Health	1,635,742	1,042,130
Latrobe Regional Hospital	1,552,859	1,322,153
Ballarat Health Service	1,271,105	1,098,229
Lake Imaging	1,577,905	1,555,541
<b>Total</b>	<b>19,334,030</b>	<b>18,050,575</b>
<b>NOTE 17: COORDINATION UNIT EXPENSES</b>		
<b>Operating</b>		
Salaries and on-costs	6,469,002	5,792,145
Depreciation and amortisation expense	1,643,597	1,540,223
Travel expenses	62,899	48,428
Office expenses	1,791,415	1,864,423
Communication expenses	414,389	452,500
Motor vehicle expenses	7,527	(2,458)
Rent and outgoing	625,480	520,648
Computer, equipment and support	966,151	779,989
Administration expenses	303,547	365,466
<b>Special Projects</b>		
Salaries and on-costs	543,529	989,403
Travel expenses	3,674	5,024
Office expenses	739	13,856
Communication expenses	-	38,502
Motor vehicle expenses	1,745	3,713
Rent and outgoing	-	2,153
Computer, equipment and support	76,918	185,112
Administration expenses*	1,117,607	1,341,541
Digital site expenses	-	7,862
<b>Total</b>	<b>14,028,219</b>	<b>13,948,530</b>

\* Includes mass media campaign costs of \$471K in 2015/16 (\$855K in 2014/15).

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 18: DIGITAL MAMMOGRAPHY PROJECT (DMP)</b>		
Brought forward unspent from prior year	470,283	751,156
Project management expenditure	(470,283)	(8,372)
Capital expenditure – computer equipment	–	(272,501)
<b>Surplus of DMP Grant</b>	<b>–</b>	<b>470,283</b>

### 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 2016.

### NOTE 20: KEY MANAGEMENT AND DIRECTORS REMUNERATION

Salaries – short term benefit	992,696	855,557
Termination payments	1,976	5,207
Superannuation	88,029	82,045
<b>Total</b>	<b>1,082,701</b>	<b>942,809</b>

### 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 2016 (2015 : 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 satisfies 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 2016 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

27 September 2016



## **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 2016, 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's declaration.

### ***Directors' responsibility for the financial report***

The directors 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, the *Australian Charities and Not-for-profits Commission Act (ACNC) 2012*, the *Associations Incorporation Reform Act 2012* and for such internal control as the directors 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 directors, 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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### *Opinion*

In our opinion, the financial report of BreastScreen Victoria Inc. is in accordance with 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 Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Amanda Campbell'.

Amanda Campbell  
Partner

Melbourne  
27 September 2016



## Auditor's Independence Declaration

As lead auditor for the audit of BreastScreen Victoria Inc. for the year ended 30 June 2016, 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 'Amanda Campbell'.

Amanda Campbell  
Partner  
PricewaterhouseCoopers

Melbourne  
27 September 2016

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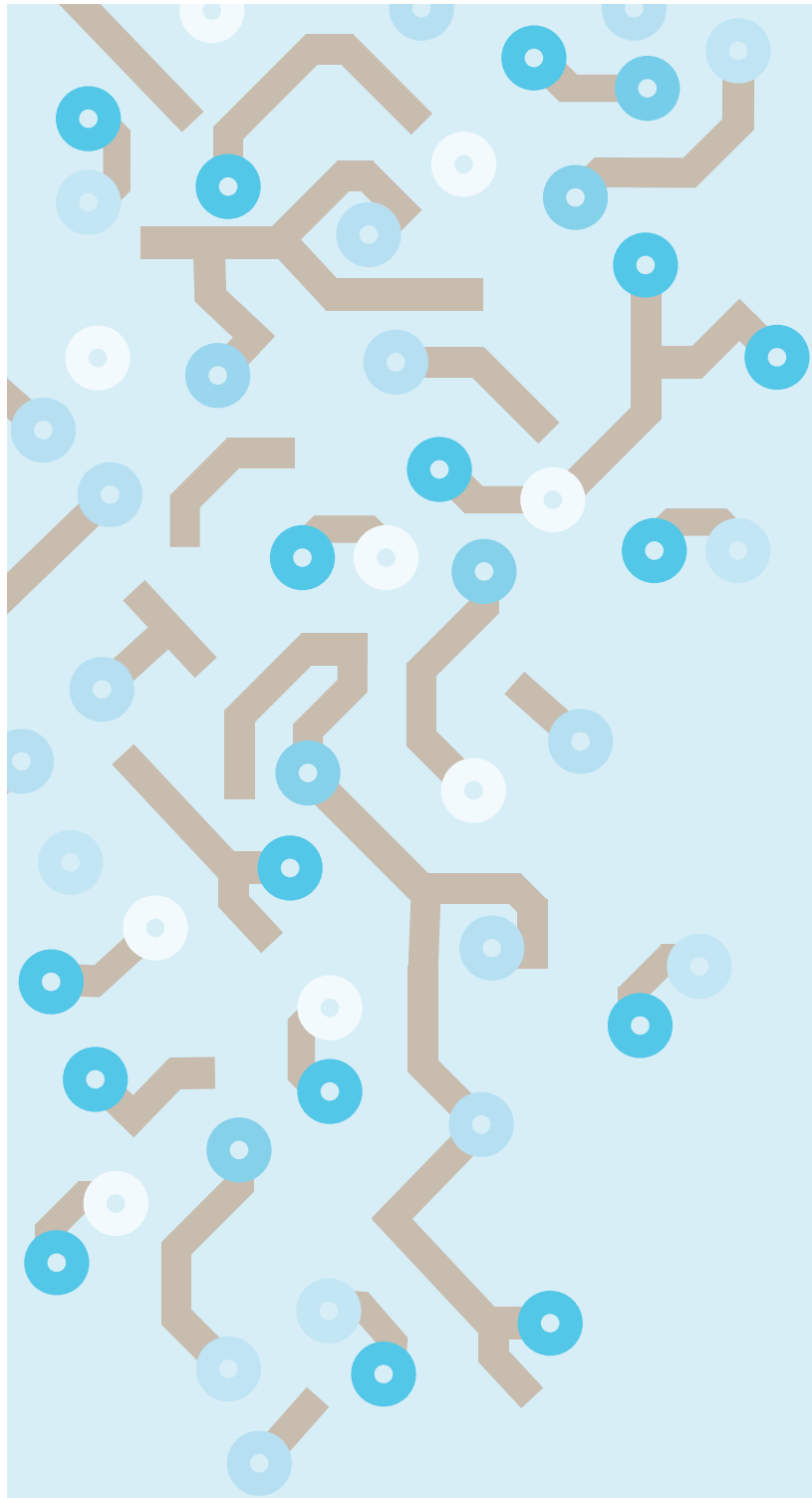
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BreastScreen  
Victoria

Caring about Women



[breastscreen.org.au](http://breastscreen.org.au)