

**SKIN & CANCER FOUNDATION INC. AND  
CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

*Skin & Cancer Foundation Inc.  
and Controlled Entities*

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*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**COMMITTEE MEMBERS' REPORT**

Your committee members present their report on the Skin & Cancer Foundation Inc. for the financial year ended 30 June 2012.

**Committee Members**

The names of the committee members in office at any time during or since the end of the year are:

	<b>Meetings Held</b>	
	<b>Eligible to attend</b>	<b>Attended</b>
Assoc Prof Peter Foley	10	7
Assoc Prof Chris Baker	10	5
Dr Michael Rich	10	4
Dr Mei Tam	10	8
Assoc Prof Rosemary Nixon	10	5
Dr Edward Upjohn	10	5
Ms Kathryn Watt (resigned November 2011)	4	4
Mr Patrick Burroughs	10	4
Ms Jacqueline Phillips	10	8
Dr Hugh Roberts	10	6
Dr Miklos Pohl	10	6
Mr Andrew Farr (appointed November 2011)	6	6
Dr Marguerite Byrne: Registrar Representative (resigned November 2011)	4	4
Dr Desmond Gan (resigned July 2011)	1	1
Dr Rebecca Dunn: Registrar Representative (appointed from August 2011 to January 2012)	5	3
Mr Andrew Farr (appointed November 2011)	7	3
Mr Chris Arnold (appointed December 2011)	6	6
Dr Yan Pan: Registrar Representative (appointed February 2012)	5	5

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

**Significant Changes in the State of Affairs**

No significant changes in the state of affairs occurred during the financial year.

**Principal Activities**

The principal activities of the association during the financial year were medical treatment, research and training.

No significant change in the nature of these activities occurred during the year.

*Skin & Cancer Foundation Inc.  
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**Events Subsequent to the End of the Reporting Period**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the association, the results of those operations, or the state of affairs of the association in future financial years.

**Likely Developments and Expected Results of Operations**

Likely developments in the operations of the association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the association.

**Environmental Regulation**

The association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Indemnification of Officers**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been a member of the committee or auditor of the association.

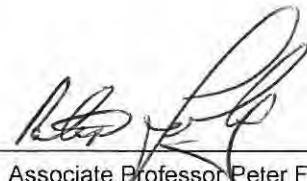
**Proceedings on Behalf of the Association**

No person has applied for leave of court to bring proceedings on behalf of the association or intervene in any proceedings to which the association is a party for the purpose of taking responsibility on behalf of the association for all or any part of those proceedings.

The association was not a party to any such proceedings during the year.

This committee members' report is signed in accordance with a resolution of the Committee:

Committee  
Member



Associate Professor Peter Foley

Dated this 31<sup>st</sup> day of OCTOBER 2012

Committee  
Member



Mr Chris Arnold

Dated this 31<sup>st</sup> day of October 2012

*Skin & Cancer Foundation Inc.  
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>Income</b>			
Revenue from services		3,449,251	3,015,855
Bequest Monies Received		1,000,000	-
Government education grants		734,736	405,398
Share of net profits of joint venture	13	938,274	1,064,687
Rental Income		236,507	320,858
Interest		42,124	4,866
		<u>6,400,892</u>	<u>4,811,664</u>
<b>Expenditure</b>			
Accounting		780	7,339
Audit		13,974	20,200
Bank charges		8,109	20,293
Communication Expenses		52,138	48,633
Consultants Fees		47,581	44,123
Depreciation		234,779	224,685
Electricity and gas		41,736	38,726
Finance costs		273,649	290,996
Insurance		68,246	59,423
Leasing charges		5,021	5,663
Legal		28,807	20,369
Medical supplies		243,472	294,046
Employment expenses		3,621,761	3,043,573
Printing & Stationery		50,455	36,104
Rates & Utilities		94,975	71,702
Other expenses		473,495	434,539
Impairment loss		-	-
		<u>5,258,978</u>	<u>4,660,414</u>
<b>Profit/(Loss) before income tax</b>		1,141,914	151,250
Income tax expense	1 (b)	-	-
<b>Profit/(Loss) after income tax</b>		<u>1,141,914</u>	<u>151,250</u>
<b>Other comprehensive income / (expense):</b>			
Transfer to Reserves		-	-
Net loss on revaluation of land and buildings		-	-
Net gain on revaluation of financial assets		-	-
<b>Other comprehensive income / (expense) for the period</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>1,141,914</u></u>	<u><u>151,250</u></u>

The accompanying notes form part of these financial statements.

*Skin & Cancer Foundation Inc.  
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	1,421,836	375,445
Trade and other receivables	3	234,119	306,986
Other current assets	4	40,132	21,426
<b>Total Current Assets</b>		<u>1,696,087</u>	<u>703,857</u>
<b>Non-Current Assets</b>			
Investments	5	10	10
Property, plant and equipment	6	9,260,033	9,275,211
<b>Total Non-Current Assets</b>		<u>9,260,043</u>	<u>9,275,221</u>
<b>Total Assets</b>		<u><u>10,956,130</u></u>	<u><u>9,979,078</u></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Borrowings	8	232,340	239,228
Provisions	9	159,229	134,124
Trade and other payables	7	424,979	335,246
<b>Total Current Liabilities</b>		<u>816,548</u>	<u>708,598</u>
<b>Non-Current Liabilities</b>			
Borrowings	8	3,929,738	4,210,507
Provisions	9	134,803	113,980
Trade and other payables	7	4,000	16,866
<b>Total Non-Current Liabilities</b>		<u>4,068,541</u>	<u>4,341,353</u>
<b>Total Liabilities</b>		<u>4,885,089</u>	<u>5,049,951</u>
<b>Net Assets</b>		<u><u>6,071,041</u></u>	<u><u>4,929,127</u></u>
<b>Equity</b>			
Retained earnings	11	1,854,406	1,739,127
Reserves	12	3,190,000	3,190,000
Special Purpose Funds - Bequests	12	1,026,635	-
<b>Total Equity</b>		<u><u>6,071,041</u></u>	<u><u>4,929,127</u></u>

The accompanying notes form part of these financial statements.

*Skin & Cancer Foundation Inc.  
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Note	Special Purpose Funds - Bequests	Retained Earnings	Revaluation Reserve	Total
		\$	\$	\$	\$
Balance at 30 June 2010		-	1,511,009	3,190,000	4,701,009
Profit for the year		-	151,250	-	151,250
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	<b>151,250</b>	-	<b>151,250</b>
Adjustment for correction of error		-	76,868	-	76,868
<b>Balance at 30 June 2011</b>		-	<b>1,739,127</b>	<b>3,190,000</b>	<b>4,929,127</b>
 Balance at 30 June 2011		-	1,739,127	3,190,000	4,929,127
Profit for the year		-	1,141,914	-	1,141,914
<b>Total comprehensive income for the year</b>		-	<b>2,881,041</b>	<b>3,190,000</b>	<b>6,071,041</b>
Transfers to and from reserves		1,026,635	(1,026,635)	-	-
<b>Balance at 30 June 2012</b>		<b>1,026,635</b>	<b>1,854,406</b>	<b>3,190,000</b>	<b>6,071,041</b>

The accompanying notes form part of these financial statements

*Skin & Cancer Foundation Inc.  
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		6,425,381	4,878,853
Payments to suppliers and employees		(4,626,578)	(4,020,262)
Interest received		42,124	4,866
Finance costs		(273,649)	(290,996)
Net cash provided by operating activities	10	1,567,278	572,461
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(219,600)	(95,258)
Net cash used in investing activities		(219,600)	(95,258)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(294,399)	(290,343)
Net cash provided by (used in) financing activities		(294,399)	(290,343)
Net (decrease) increase in cash held		1,053,279	186,860
Cash at beginning of financial year		366,986	180,126
Cash at end of financial year	2	1,420,265	366,986

The accompanying notes form part of these financial statements.



*Skin & Cancer Foundation Inc.  
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Victoria) 1981. The committee has determined that the association is not a reporting entity.

The financial report covers Skin & Cancer Foundation Inc. as an individual entity and Skin & Cancer Foundation Inc. and controlled entities as an economic entity. Skin & Cancer Foundation Inc. is an association incorporated in Victoria under the Association Incorporations Act (Victoria) 1981.

**Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

**Accounting Policies**

**a. Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**b. Income Tax**

Skin & Cancer Foundation Inc. is endorsed as a public benevolent institution and is entitled to Income Tax Exemption, Goods & Services Tax concessions and Fringe Benefits Tax Exemption (up to \$30,000 grossed-up per employee).

**c. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Skin & Cancer Foundation Inc.  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Property, Plant and Equipment (Cont'd)**

**Property**

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by committee members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Leasehold improvement	2.5 – 25%
Plant and equipment comprising:	
- Fixtures and fittings	5 – 10%
- Medical equipment	10 – 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**f. Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

*Skin & Cancer Foundation Inc.  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Leases (Cont'd)**

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

**g. Impairment of Assets**

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**h. Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**i. Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**j. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

*Skin & Cancer Foundation Inc.  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**k. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

**l. Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

**m. Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**n. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**o. Comparative Figures**

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

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.



*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**p. Critical Accounting Estimates and Judgments**

The committee members evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

**Key estimates**

**(i) Impairment – general**

The association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**q. New Accounting Standards for Application in Future Periods**

The AASB has issued the following Accounting Standard which is mandatorily applicable for future reporting periods and is relevant to the association. The association has decided not to early adopt this Accounting Standard. The association's assessment of this Accounting Standard is set out below:

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the association.

**r. Prior Period Adjustments**

During the year it was made apparent that a bank account was previously incorrectly treated as a Trust fund. This has been adjusted to be recognised within cash, the Impact on the Statement of Financial Position is as follows:

As at 30 June 2011	Previous treatment	Adjustment	Revised treatment
	\$	\$	\$
Cash	298,577	76,868	375,445
Net Assets	4,852,259	76,868	4,929,127
Retained earnings	1,662,259	76,868	1,739,127
Equity	4,852,259	76,868	4,929,127

*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**NOTE 2: CASH AND CASH EQUIVALENTS**

	2012	2011
	\$	\$
Cash at bank and in hand	1,421,836	375,445
	<u>1,421,836</u>	<u>375,445</u>

**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,421,836	375,445
Bank overdrafts	(1,571)	(8,459)
	<u>1,420,265</u>	<u>366,986</u>

**Trust funds**

At reporting date, the Association held and administered cash and cash equivalents on behalf of:

Austin Repatriation Dermatology Fund	67,562	63,948
Monash Hospital	353,926	333,242
	<u>421,488</u>	<u>397,190</u>

**NOTE 3: TRADE AND OTHER RECEIVABLES**

	2012	2011
	\$	\$
<b>CURRENT</b>		
Trade receivables	214,846	174,635
Provision for impairment	(28,450)	(1,400)
	<u>186,396</u>	<u>173,235</u>
Other receivables from joint venture	44,933	131,056
Other receivables	2,789	2,695
	<u>234,119</u>	<u>306,986</u>
	<u>234,119</u>	<u>306,986</u>

**NOTE 4: OTHER CURRENT ASSETS**

	2012	2011
	\$	\$
Prepayments	40,132	21,426
	<u>40,132</u>	<u>21,426</u>

*Skin & Cancer Foundation Inc.  
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**NOTE 5: INVESTMENTS**

	2012	2011
	\$	\$
Units in Unlisted Unit Trusts at cost	10	10
Total land	10	10

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

	2012	2011
	\$	\$
<b>LAND AND BUILDINGS</b>		
Freehold land at cost – Drummond Street	4,600,000	4,600,000
Revaluation Reserve	3,190,000	3,190,000
Total land	7,790,000	7,790,000
Buildings at cost – Drummond Street	638,042	562,000
Accumulated depreciation	(29,999)	(13,654)
Total buildings	608,043	548,345
Building improvements at cost	10,004	5,844
Accumulated depreciation	(903)	(561)
Total leasehold improvements	9,101	5,283
Total land and buildings	8,407,144	8,343,628
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment at cost	1,713,932	1,574,534
Accumulated depreciation	(861,043)	(642,951)
Total plant and equipment	852,889	931,583
Total property, plant and equipment	9,260,033	9,275,211

**NOTE 7: TRADE AND OTHER PAYABLES**

	2012	2011
	\$	\$
<b>CURRENT</b>		
Trade payables	112,968	137,658
Sundry payables and accrued expenses	297,304	182,210
Hire purchase lease	14,707	15,378
	424,979	335,246
<b>NON-CURRENT</b>		
Sundry payables and accrued expenses	4,000	4,000
Hire purchase lease	-	12,866
	4,000	16,866

*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**NOTE 8: BORROWINGS**

	2012	2011
	\$	\$
<b>CURRENT</b>		
Bank loan secured	-	-
Bank overdraft secured	1,571	8,459
Lease liability	-	-
Loan from Melbourne Pathology	230,769	230,769
	<u>232,340</u>	<u>239,228</u>
<b>NON-CURRENT</b>		
Bank loan secured	3,700,000	3,750,000
Bank bills secured	-	-
Loan from Melbourne Pathology	229,738	460,507
	<u>3,929,738</u>	<u>4,210,507</u>
Total current and non-current secured liabilities:		
Bank overdraft	1,571	8,459
Bank bills	-	-
Bank loan	3,700,000	3,750,000
	<u>3,701,571</u>	<u>3,758,459</u>

The loan from Melbourne Pathology is for the period 2001 to 2014. Repayments shall be in equal instalments of \$115,384.61 payable 6 monthly in arrears and is due to be repaid in full at the expiration of the agreement with Melbourne Pathology on 16 January 2014.

The bank loan is secured by a registered mortgage over the freehold property of the association. The board negotiated new long term bank finance in the form of a commercial loan which was approved by National Australia Bank in October 2010. The current interest rate on the loan is 8.12%, the loan expires on 31<sup>st</sup> October 2013.

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit

	2011	2010
	\$	\$
<b>Total facilities</b>		
Bank loan secured	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
<b>Used at the reporting date</b>		
Bank loan secured	3,700,000	3,750,000
	<u>3,700,000</u>	<u>3,750,000</u>
<b>Unused at the reporting date</b>		
Bank loan secured	300,000	250,000
	<u>300,000</u>	<u>250,000</u>



*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**NOTE 9: PROVISIONS**

	2012	2011
	\$	\$
CURRENT		
Provision for Annual Leave	159,229	134,124
	<u>159,229</u>	<u>134,124</u>
NON-CURRENT		
Provision for Long Service Leave	134,803	113,980
	<u>134,803</u>	<u>113,980</u>

**NOTE 10: CASH FLOW INFORMATION**

	2012	2011
	\$	\$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	1,141,914	151,250
Non-cash flows in profit:		
– depreciation	234,779	224,685
– bad and doubtful debts	27,600	-
Changes in assets and liabilities:		
– decrease/(increase) in receivables	(40,211)	37,481
– decrease/(increase) in other assets	79,872	34,575
– decrease in payables	(24,691)	102,501
– increase in provisions	148,015	21,969
	<u>1,567,278</u>	<u>572,461</u>

**NOTE 11: RETAINED EARNINGS**

	2012	2011
	\$	\$
Retained Earnings at the beginning of the year	1,739,127	1,511,009
Net profit/(loss) for the year	1,141,914	151,250
	<u>2,881,041</u>	<u>1,662,259</u>
Adjustment for correction of error	-	76,868
Transfer to Reserves	(1,026,635)	-
	<u>1,854,406</u>	<u>1,739,127</u>

**NOTE 12: RESERVES**

	2012	2011
	\$	\$
Revaluation reserve at the beginning of the year	3,190,000	3,190,000
Special Purpose Funds – Bequests	1,026,635	-
	<u>4,216,635</u>	<u>3,190,000</u>

*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**NOTE 12: RESERVES (CONT'D)**

The committee members have resolved to recognise the bequest monies received within a separate reserve account in order to clearly identify the funds available. The purpose of the funds will be decided by the committee members.

**NOTE 13: JOINT VENTURE**

The Skin & Cancer Foundation Inc. has a 50% interest (through its wholly owned subsidiary Skin & Cancer Pathology Pty Ltd) in the joint venture entity Melbourne Skin Pathology, a partnership operating in Australia which is involved in derma pathology services.

**NOTE 14: CONTROLLED ENTITIES**

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned	
		2012	2011
<i>Parent Entity</i>			
Skin & Cancer Foundation Inc.	Australia	-	-
<i>Controlled entities of Skin &amp; Cancer Foundation Inc. (100% owned)</i>			
Skin & Cancer Pathology Pty Ltd (as trustee for Skin & Cancer Foundation Pathology Trust)	Australia	100%	100%
Skin & Cancer Foundation Pathology Trust (Which owns 50% in the joint venture entity, Melbourne Skin Pathology)	Australia	100%	100%

**NOTE 15: LEASING COMMITMENTS**

	2012	2011
	\$	\$
a. <b>Finance Lease</b>		
Finance lease capitalised in the accounts in accordance with the accounting policies defined in Note 1 (i)		
Payable – minimum lease payments:		
– not later than 12 months	14,707	15,378
– between 12 months and five years	-	15,378
– greater than five years	-	-
<b>Minimum lease payments</b>	<b>14,707</b>	<b>30,756</b>
Less future finance charges	(671)	(2,512)
<b>Total lease liability</b>	<b>14,036</b>	<b>28,244</b>

**NOTE 16: CONTINGENT LIABILITIES**

No contingent liabilities present at reporting date.

*Skin & Cancer Foundation Inc.  
and Controlled Entities*

**NOTE 17: EVENTS OCCURRING AFTER THE REPORTING DATE**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the association, the results of the operations, or the state of affairs of the association in future financial years.

**NOTE 18: ASSOCIATION DETAILS**

The registered office of the association is:

Skin & Cancer Foundation Inc.  
Level 1, 80 Drummond Street,  
CARLTON VIC 3053

The principal place of business is:

Skin & Cancer Foundation Inc.  
Level 1, 80 Drummond Street,  
CARLTON VIC 3053

*Skin & Cancer Foundation Inc.  
and Controlled Entities*

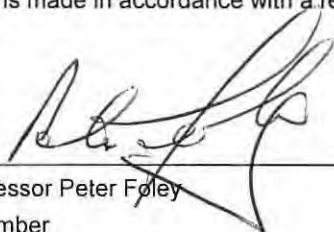
STATEMENT BY MEMBERS OF THE COMMITTEE

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 4 to 18:

1. Presents a true and fair view of the financial position of Skin and Cancer Foundation Inc. As at 30 June 2012 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Skin and Cancer Foundation Inc. Will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



Associate Professor Peter Foley  
Committee Member



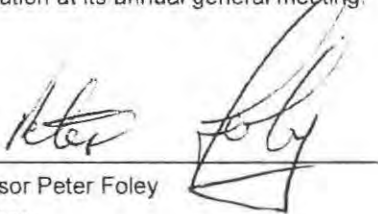
Mr Chris Arnold  
Committee Member


Dated this 31<sup>st</sup> day of October 2012

CERTIFICATE BY MEMBERS OF THE ASSOCIATION

I, Associate Professor Peter Foley and I, Mr Chris Arnold certify that:

- a. We are members of the committee of Skin and Cancer Foundation Inc.
- b. We are authorised by the attached resolution of the committee to sign this certificate.
- c. The financial statements for the year ended 30 June 2012 were submitted to the members of the association at its annual general meeting.

  
Associate Professor Peter Foley  
Committee Member

  
Mr Chris Arnold  
Committee Member

Dated this

31<sup>st</sup>

day of

October

2012

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKIN AND CANCER FOUNDATION INC.

### Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Skin and Cancer Foundation Inc (the association) and controlled entities, which comprises the committee's report, the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

### *Committee's Responsibility for the Financial Report*

The committee of Skin and Cancer Foundation Inc is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Association Incorporations Act Victoria and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a 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 have 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 judgment, 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 association's preparation of the financial report that gives a true and fair view, 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, 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.

### *Auditor's Opinion*

In our opinion, the financial report presents fairly, in all material respects, the financial position of Skin & Cancer Foundation Inc as at 30 June 2012 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the Association Incorporations Act Victoria.

*Independent Auditor's Report to the Members  
of Skin and Cancer Foundation Inc.*

*Basis of Accounting*

Without qualifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Skin and Cancer Foundation Inc to meet the requirements of the Association Incorporations Act Victoria. As a result, the financial report may not be suitable for another purpose.

*Share of Joint Ventures Net Profits*

Without qualifying our opinion, attention is drawn to the Statement of Comprehensive Income and the recognition of Share of Net Profits of Joint Venture for the amount of \$938,274 (2011: \$1,064,687). The financial report of the Joint Venture is not separately audited and our procedures in relation to the Share of Net Profits of Joint Venture are limited to amounts distributed and paid to the association.

Attention is also drawn to Note 8 to the financial report, which describes the expiry dates of the Joint Venture agreement and the bank debt agreement. The renegotiation of the bank debt may be impacted by the renegotiation of the Joint Venture agreement. Our opinion is not qualified in relation to this matter.

*Trust Funds*

Without qualifying our opinion, attention is drawn to Note 2 in the financial report. The audit of the Trust Funds is limited to the balance as at 30 June 2012 and does not include the transactions or requirements that are involved with these funds.

  
**NEXIA MELBOURNE**  
ABN 16 847 721 257

  
**GEORGE S DAKIS**  
Partner  
Audit & Assurance Services

Melbourne

Date: 31 October 2012