SKIN & CANCER FOUNDATION INC. AND CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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COMMITTEE MEMBERS' REPORT

Your committee members present their report on the Skin & Cancer Foundation Inc. for the financial year ended 30 June 2013.

Committee Members

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

	Meetings Held	
	Eligible to attend	**Attended**
Mr Chris Arnold	11	9
Assoc Prof Peter Foley	11	10
Assoc Prof Chris Baker	11	11
Dr Michael Rich	11	8
Dr Mei Tam	11	8
Assoc Prof Rosemary Nixon	11	9
Dr Edward Upjohn	11	7
Mr Patrick Burroughs (resigned November 2012)	4	1
Ms Jacqueline Phillips	11	6
Dr Hugh Roberts	11	7
Dr Miklos Pohl	11	5
Mr Andrew Farr	11	0
Jennifer Gale (Appointed December 2012)	7	2

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.

Events Subsequent to the End of the Reporting Period

Skin & Cancer Foundation Inc's bank facility is due to expire on 31 October 2013. The association has received a proposal for a new bank facility of $4,000,000 and is seeking to formalize its new bank facility prior to the expiry of the current facility on 31 October 2013.

Further, the joint venture with Melbourne Pathology is due to expire on 15 January 2014, and the association is currently reviewing its options going forward.

Other than as described above, 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 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 Chris Baker

Dated this 22 day of October 2013

Committee Member

Mr Chris Arnold

Dated this 22 day of October 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		$	$
Income			
Revenue from services		3,668,199	3,449,251
Bequest monies received		-	1,000,000
Government education grants		796,533	734,736
Share of net profits of joint venture	13	807,611	938,274
Rental income		258,380	236,507
Interest		82,968	42,124
Gain on revaluation of building		1,743,013	-
		7,356,704	6,400,892
Expenditure			
Accounting		46,700	780
Audit		18,657	13,974
Bank charges		7,883	8,109
Communication expenses		49,613	52,138
Consultants fees		4,814	47,581
Depreciation		232,619	234,779
Electricity and gas		54,199	41,736
Finance costs		284,589	273,649
Insurance		54,796	68,246
Leasing charges		4,149	5,021
Legal		31,043	28,807
Medical supplies		231,649	243,472
Employment expenses		3,886,803	3,621,761
Printing & stationery		59,919	50,455
Rates & utilities		144,438	94,975
Other expenses		768,923	473,495
		5,880,794	5,258,978
Profit/(Loss) before income tax		1,475,910	1,141,914
Income tax expense	1 (b)	-	-
Profit/(Loss) after income tax		1,475,910	1,141,914
Other comprehensive income / (expense):			
Net loss on revaluation of land		(140,000)	-
Other comprehensive income / (expense) for the year		(140,000)	-
Total comprehensive income for the year		1,335,910	1,141,914

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013	2012
		$	$
Assets			
Current Assets			
Cash and cash equivalents	2	1,605,151	1,843,324
Trade and other receivables	3	248,445	234,119
Other assets	4	165,070	40,132
Total Current Assets		2,018,666	2,117,575
Non-Current Assets			
Investments	5	10	10
Property, plant and equipment	6	10,742,425	9,260,033
Total Non-Current Assets		10,742,435	9,260,043
Total Assets		12,761,101	11,377,618
Liabilities			
Current Liabilities			
Borrowings	8	3,954,740	232,340
Provisions	9	176,856	159,229
Trade and other payables	7	642,118	424,979
Total Current Liabilities		4,773,714	816,548
Non-Current Liabilities			
Borrowings	8	-	3,929,738
Provisions	9	158,948	134,803
Trade and other payables	7	-	4,000
Total Non-Current Liabilities		158,948	4,068,541
Total Liabilities		4,932,662	4,885,089
Net Assets		7,828,439	6,492,529
Equity			
Retained earnings	11	3,467,160	1,854,406
Reserves	12(a)	3,050,000	3,190,000
Special Purpose Funds - Bequests	12(b)	864,645	1,026,635
Special Purpose Funds – Department of Dermatology	12(c)	446,634	421,488
Total Equity		7,828,439	6,492,529

The accompanying notes form part of these financial statements.

Skin & Cancer Foundation Inc.

and Controlled Entities

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

	Note	Special Purpose Fund - Bequests	Special Purpose Fund – Dept of Dermatology	Retained Earnings	Revaluation Reserve	Total
		$	$	$	$	$
Balance at 30 June 2011		**-**	**-**	**1,739,127**	**3,190,000**	**4,929,127**
Prior year adjustment	1(r)	-	-	421,488	-	421,488
Revised Balance as 30 June 2011		**-**	**-**	**2,160,615**	**3,190,000**	**5,350,615**
Profit for the year		-	-	1,141,914	-	1,141,914
Total comprehensive income for the year		**-**	**-**	**1,141,914**	**-**	**1,141,914**
Transfers to and from reserves – Adjustment	12(c)	-	421,488	(421,488)	-	-
Transfers to and from reserves – Other	12(b)	1,026,635	-	(1,026,635)	-	-
Balance at 30 June 2012		**1,026,635**	**421,488**	**1,854,406**	**3,190,000**	**6,492,529**
Balance at 30 June 2012		**1,026,635**	**421,488**	**1,854,406**	**3,190,000**	**6,492,529**
Profit for the year		-	-	1,475,910	-	1,475,910
Net loss on revaluation of Land		-	-	-	(140,000)	(140,000)
Total comprehensive income for the year		**-**	**-**	**1,475,910**	**(140,000)**	**1,335,910**
Transfers to and from reserves – Interest	12(b&c)	9,513	25,146	(34,659)	-	-
Transfers to and from reserves – Other	12(b)	(171,503)	-	171,503	-	-
Balance at 30 June 2013		**864,645**	**446,634**	**3,467,160**	**3,050,000**	**7,828,439**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		$	$
Cash flows from operating activities			
Receipts from customers		5,739,361	6,425,381
Payments to suppliers and employees		(5,452,577)	(4,626,578)
Interest received		82,968	42,124
Finance costs		(284,589)	(273,649)
Net cash provided by operating activities	10	85,163	1,567,278
Cash flows from investing activities			
Payment for property, plant and equipment		(111,998)	(219,600)
Net cash used in investing activities		(111,998)	(219,600)
Cash flows from financing activities			
Payments to members		(4,000)	-
Repayment of borrowings		(205,767)	(294,399)
Net cash provided by (used in) financing activities		(209,767)	(294,399)
Net (decrease) increase in cash held		(236,602)	1,053,279
Cash at beginning of financial year		1,841,753	788,474
Cash at end of financial year	2	1,605,151	1,841,753

The accompanying notes form part of these financial statements

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.

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:

Class of Fixed Asset	**Depreciation Rate**
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.

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. 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.

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.

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 Judgments

(i) Bank Facility

The association's bank facility is due to expire on 31 October 2013. The Association has renegotiated the loan facility and the board has accepted a submission from ANZ Bank and is arranging replacement mortgage and banking facilities with effect from 31 October 2013.

(ii) Melbourne Pathology Joint Venture Agreement

Skin & Cancer Foundation Inc. has a 50% interest in the joint venture entity Melbourne Skin Pathology, with the share of profits from the joint venture contributing approximately 15% of the Association's total revenue from ordinary course of business. The joint venture is due to expire on the 15 January 2014. The association has appointed a committee to review agreements and commence discussions with principal parties to re-negotiate a new agreement.

Key Estimate

(i) Fair value of land and building

The land and buildings have had an independent valuation performed as at 30 June 2013. The valuation approach adopted was the Direct Capitalisation Approach – Market Income method. The method involves the addition of market rent for the various components of the property, and the deductions of outgoings (where appropriate) to determine the net market income of the property. The net market income is capitalized at the adopted capitalization rate to derive the fair value.

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

AASB 9: *Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (applicable for annual reporting periods commencing on or after 1 January 2015).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements that may impact the company are:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; and
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

The company has not yet estimated the impact of these pronouncements on its financial statements.

AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012–10), and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
New Accounting Standards for Application in Future Periods (Cont'd)

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the company's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This Standard is not expected to significantly impact the company's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the company's financial statements.

AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the company's financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
  - (i) for an offer that may be withdrawn – when the employee accepts;
  - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
  - (iii) where the termination is associated with a restructuring of activities under AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and if earlier than the first two conditions – when the related restructuring costs are recognised.

These changes are not expected to significantly impact the company's financial statements.

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

r. **Prior period adjustment – classification of balances**

Donations received from Monash Hospital and Austin Hospital in the prior years have been disclosed as a trust fund held and administered by the Association on behalf of the Monash and Austin Hospital, which was not recognised in the balance sheet of the Association. The error was identified in the 2013 financial year. The error has been corrected in the comparative information of this financial report. Adjustments were made to the retained earnings, in which was subsequently transferred to reserves in the 2012 financial year. The impact of the adjustment on the 2012 comparative figures is summarised as follows:

Impact on the statement of financial position is as follows:

	Previous Treatment	Adjustment	Revised Treatment
	$	$	$
Cash and cash equivalents	1,421,836	421,488	1,843,324
Special Purpose Fund – Dept of Dermatology	-	421,488	421,488

NOTE 2: CASH AND CASH EQUIVALENTS	Note	2013	2012
		$	$
Cash at bank and in hand		1,605,151	1,843,324
		1,605,151	1,843,324

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	1,605,151	1,843,324
Bank overdrafts	-	(1,571)
	1,605,151	1,841,753

NOTE 3: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	176,611	214,847
Provision for impairment	-	(28,450)
	176,611	186,397
Other receivables from joint venture	49,238	44,933
Other receivables	22,596	2,789
	248,445	234,119
	248,445	234,119

NOTE 4 : OTHER ASSETS

CURRENT		
Prepayments	165,070	40,132
	165,070	40,132

NOTE 5: INVESTMENTS

Units in Unlisted Unit Trusts at cost	10	10
Total investments	10	10

NOTE 6: PROPERTY, PLANT AND EQUIPMENT	**Note**	**2013**	**2012**
LAND AND BUILDINGS		**$**	**$**
Freehold land at cost – Drummond Street		4,600,000	4,600,000
Revaluation Reserve		3,050,000	3,190,000
Total land at fair value		7,650,000	7,790,000
Buildings at fair value– Drummond Street		2,350,000	608,043
Total buildings at fair value		2,350,000	608,043
Building improvements at cost		-	10,004
Accumulated depreciation		-	(903)
Total leasehold improvements		-	9,101
Total land and buildings		10,000,000	8,407,144
PLANT AND EQUIPMENT			
Plant and equipment at cost		1,820,330	1,713,932
Accumulated depreciation		(1,077,905)	(861,043)
Total plant and equipment		742,425	852,889
Total property, plant and equipment		10,742,425	9,260,033

NOTE 7: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	256,509	112,968
Sundry payables and accrued expenses	385,609	297,304
Hire purchase lease	-	14,707
	642,118	424,979
NON-CURRENT		
Sundry payables and accrued expenses	-	4,000
	-	4,000

NOTE 8: BORROWINGS	**Note**	**2013**	**2012**
		$	**$**
CURRENT			
Bank loan secured	(b)	3,725,000	-
Bank overdraft secured		-	1,571
Loan from Melbourne Pathology	(a)	229,740	230,769
		3,954,740	232,340
NON-CURRENT			
Bank loan secured		-	3,700,000
Loan from Melbourne Pathology		-	229,738
		-	3,929,738
Total current and non-current secured liabilities:			
Bank overdraft		-	1,571
Bank loan		3,725,000	3,700,000
		3,725,000	3,701,571

(a) 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 15 January 2014. Refer to note 13 for further information.

(b) The bank loan is secured by a registered mortgage over the freehold property of the association. The current interest rate on the loan is 8.12%, the loan expires on 31 October 2013. The Association has renegotiated the loan facility and the board has accepted a submission from ANZ Bank and is arranging replacement mortgage and banking facilities with effect from 31 October 2013.

Financing arrangements

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

Total facilities		
Bank loan secured	4,000,000	4,000,000
	4,000,000	4,000,000
Used at the reporting date		
Bank loan secured	3,725,000	3,700,000
	3,725,000	3,700,000
Unused at the reporting date		
Bank loan secured	275,000	300,000
	275,000	300,000

NOTE 9: PROVISIONS	**Note**	**2013**	**2012**
		$	**$**
CURRENT			
Provision for annual leave		176,856	159,229
		176,856	159,229
NON-CURRENT			
Provision for long service leave		158,947	134,803
		158,947	134,803

NOTE 10: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit after income tax		1,475,910	1,141,914
Non-cash flows in profit:			
+	depreciation	232,619	234,779
+	bad and doubtful debts	2,896	27,600
–	impairment reversal	(1,743,013)	
Changes in assets and liabilities:			
–	decrease/(increase) in receivables	(17,222)	(40,211)
–	decrease/(increase) in other assets	(124,938)	79,872
–	increase/(decrease) in payables	217,139	(24,691)
–	increase/(decrease) in provisions	41,772	148,015
		85,163	1,567,278

NOTE 11: RETAINED EARNINGS

Retained earnings at the beginning of the year	1,854,406	1,739,127
Prior year adjustment	-	421,488
Net profit/(loss) for the year	1,475,910	1,141,914
	3,330,316	3,302,529
Transfer to and from Reserves	136,844	(1,448,123)
Retained earnings at the end of the year	3,467,160	1,854,406

NOTE 12: RESERVES	**Note**	**2013**	**2012**
		$	**$**
Revaluation reserve	(a)	3,050,000	3,190,000
Special Purpose Fund – Bequests	(b)	864,645	1,026,635
Special Purpose Fund – Department of Dermatology	(c)	446,634	421,488
		4,361,279	**4,638,123**

(a) Revaluation reserve		
Revaluation reserve at the beginning of the year	3,190,000	3,190,000
Less net loss on revaluation of land	(140,000)	-
Revaluation reserve at the end of the year	**3,050,000**	**3,190,000**
(b) Special Purpose Fund – Bequests		
Special Purpose Fund at the beginning of the year	1,026,635	1,026,635
Add interest income	9,513	-
Less MAM event	(171,503)	-
Special Purpose Fund at the end of the year	**864,645**	**1,026,635**
(c) Special Purpose Fund – Department of Dermatology		
Special Purpose Fund at the beginning of the year	421,488	-
Transfer to reserves	-	421,488
Add interest income	25,146	-
Special Purpose Fund at the end of the year	**446,634**	**421,488**

The committee members have resolved to recognise the Bequest monies and dermatology funds received within separate reserve accounts 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. The joint venture arrangement is due to expire on 15 January 2014 and the board has appointed a working group committee to assess the current agreement and review proposals from principal parties to re-negotiate a new agreement.

NOTE 14: CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned 2013	2012
Parent Entity			
Skin & Cancer Foundation Inc.	Australia	-	-
Controlled entities of Skin & Cancer Foundation Inc. (100% owned)			
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

	2013	2012
a. **Finance Lease**		
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
– between 12 months and five years	-	-
– greater than five years	-	-
Minimum lease payments	**-**	**14,707**
Less future finance charges	-	(671)
Total lease liability	**-**	**14,036**

NOTE 16: CONTINGENT LIABILITIES

No contingent liabilities present at reporting date.

NOTE 17: EVENTS OCCURING AFTER THE REPORTING DATE

Skin & Cancer Foundation Inc's bank facility is due to expire on 31 October 2013. The association has received a proposal for a new bank facility of $4,000,000 and is seeking to formalize its new bank facility prior to the expiry of the current facility on 31 October 2013.

Further, the joint venture with Melbourne Pathology is due to expire on 15 January 2014, and the association is currently reviewing its options going forward.

Other than as described above, 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 years.

NOTE 18: ASSOCIATION DETAILS

The registered office and principle place of business of the association 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 20:

1. Presents a true and fair view of the financial position of Skin and Cancer Foundation Inc. As at 30 June 2013 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 Chris Baker
Committee Member

Mr Chris Arnold
Committee Member

Dated this 22 day of October 2013

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Associate Professor Chris Baker 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 2013 were submitted to the members of the association at its annual general meeting.

Associate Professor Chris Baker
Committee Member

Mr Chris Arnold
Committee Member

Dated this 22 day of October 2013

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

We have audited the accompanying financial report, being a special purpose financial report of Skin & Cancer Foundation Inc. (the association), which comprises the committee's report, statement of financial position as at 30 June 2013, 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 the Skin & Cancer Foundation Inc. are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Association Incorporations Act Victoria and are 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.

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 2013 and of 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.

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Bank Facility and Melbourne Pathology Joint Venture Agreement

Without qualifying our opinion, we refer you to the matters discussed in Notes 8 (b) and 13 which discuss the renegotiation of the Bank Facility and the Melbourne Pathology Joint Venture Agreement. The outcome of the renegotiation of these agreements may materially affect the financial position of the association.

Basis of Accounting

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

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne

22 October 2013