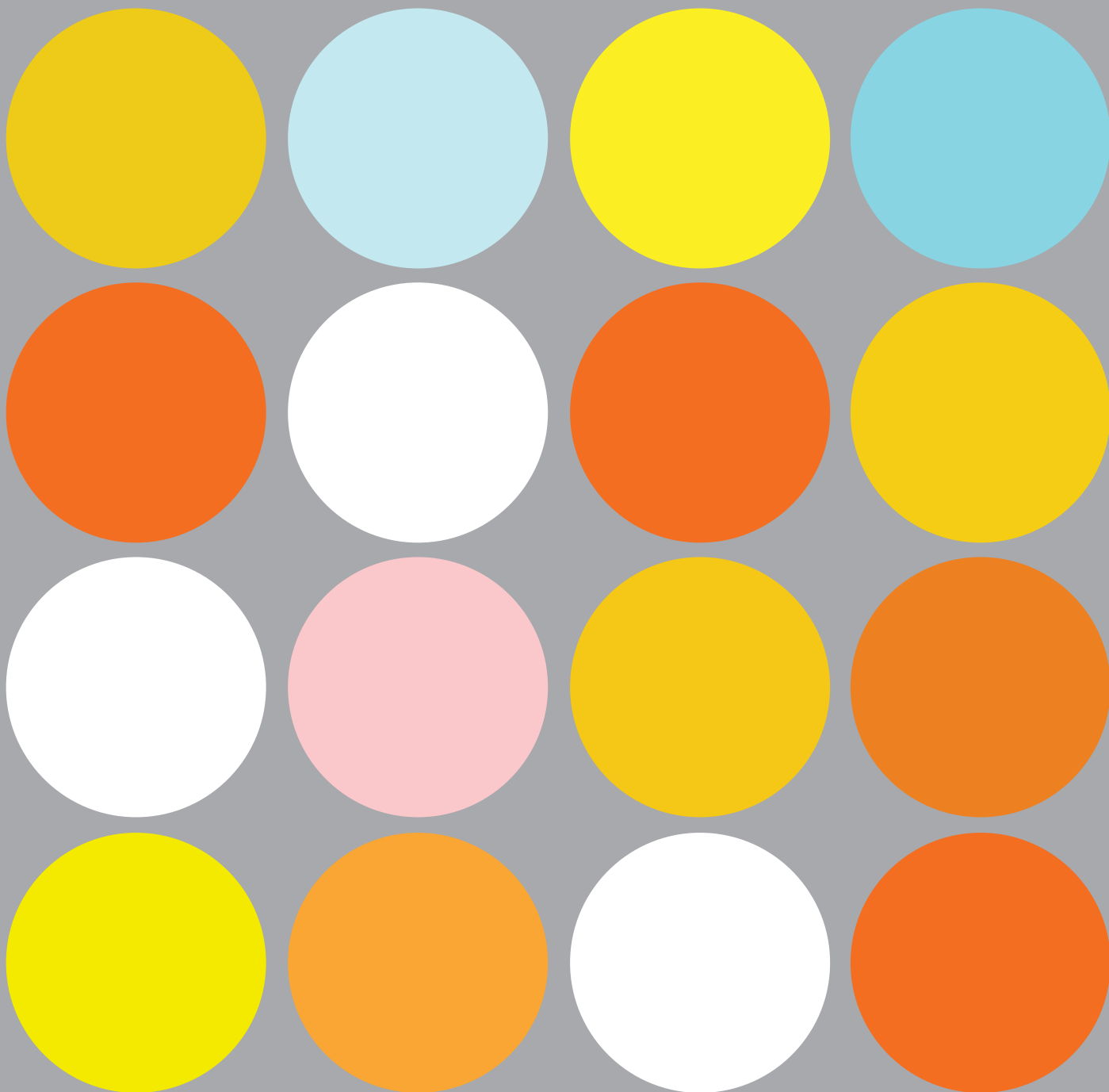




Victorian Cytology Service
Incorporated

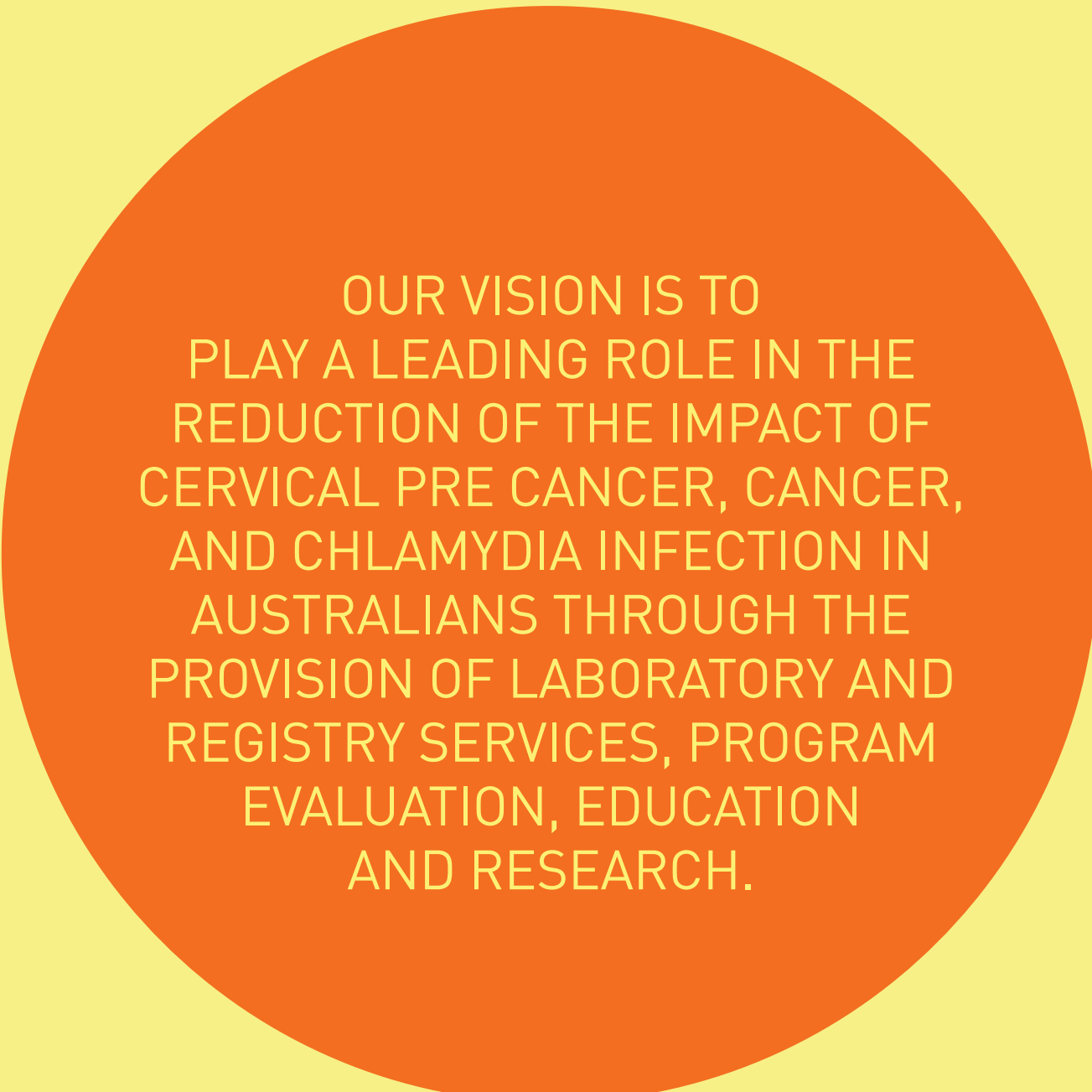




ANNUAL REPORT

VICTORIAN
CYTOLOGY
SERVICE
Incorporated

2010



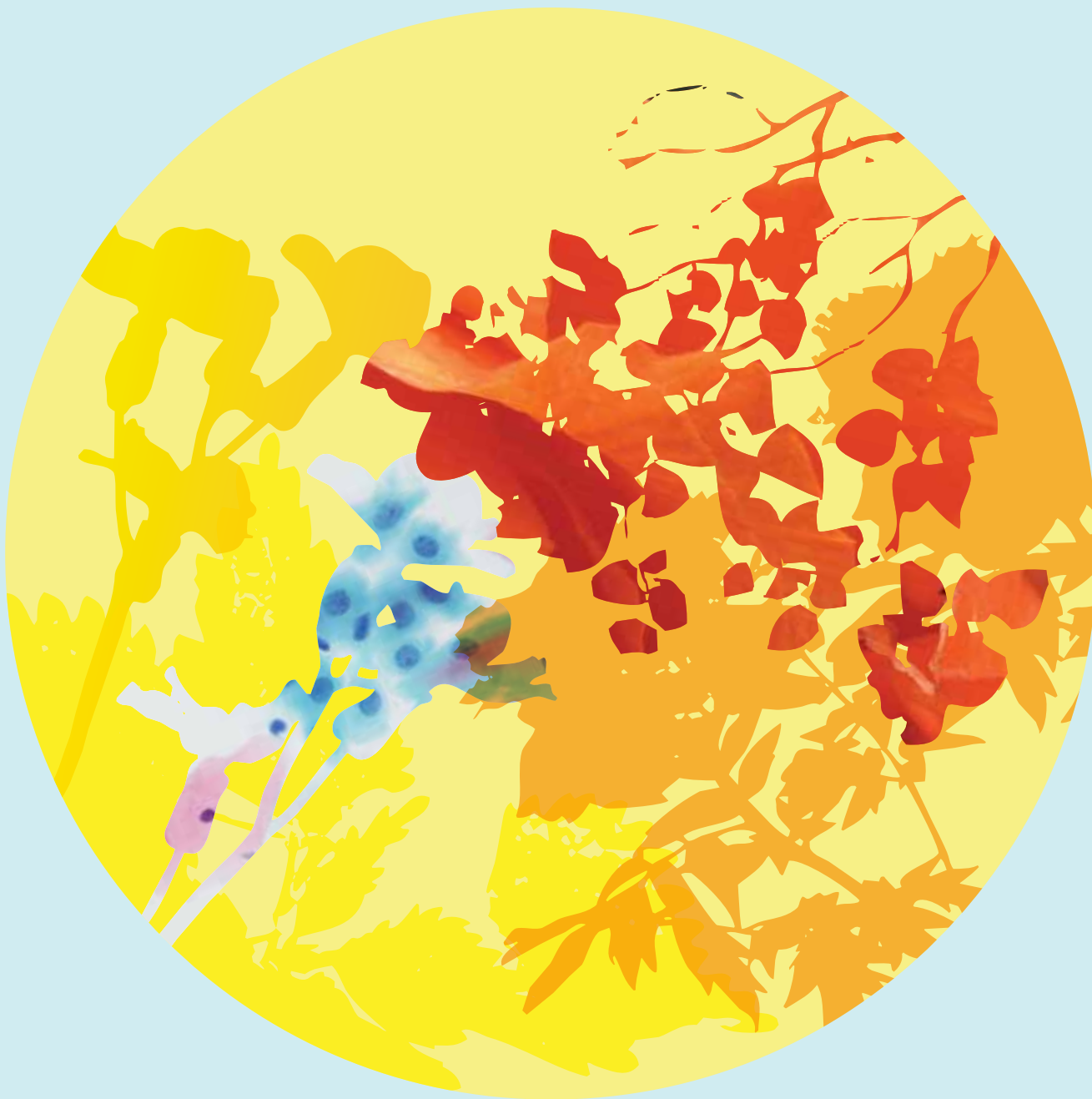
OUR VISION IS TO
PLAY A LEADING ROLE IN THE
REDUCTION OF THE IMPACT OF
CERVICAL PRE CANCER, CANCER,
AND CHLAMYDIA INFECTION IN
AUSTRALIANS THROUGH THE
PROVISION OF LABORATORY AND
REGISTRY SERVICES, PROGRAM
EVALUATION, EDUCATION
AND RESEARCH.

STATEMENT OF STRATEGIC INTENT

Victorian Cytology Service Incorporated (VCS Inc.) in conjunction with the Board of Directors has developed a Strategic Plan for the 2009-2012 period. The objectives of the plan are to achieve our vision which includes growth and expansion into new technologies, whilst maintaining high standards of core service.

The plan includes a Statement of Strategic Intent focussed around the following 5 Key Objectives. The activities of VCS Inc. relating to these objectives will be summarised in this and future Annual Reports.

1. Obtain a higher share of the Chlamydia market to position the organisation for a possible National Chlamydia Screening Program.
2. Establish a unit for policy driven Research and Program Evaluation relevant to the Vision.
3. Broaden the focus of the current brand to allow for the specified opportunities contained within the plan as well as possible future opportunities.
4. Be ready to successfully tender for a possible National Cervical Screening Register.
5. Have the building and IT systems in place to support the planned activities.



Victorian Cytology Service



National HPV Vaccination
Program Register



Victorian Cervical Cytology
Registry

CONTENTS

Organisational Overview	2	Board Members	19	Balance Sheet	28
President's Report	4	VCCR Report	22	Statement of Changes in Equity	29
Executive Director's Report	5	NHVPR Report	23	Statement of Cash Flows	30
Highlights	6	The Organisation	24	Notes To and Forming Part of the	
Statement of Strategic Intent	9	Financial Report	25	Financial Statements	31
Performance Indicators	16	Treasurer's Report	26	Agency Declaration	41
Senior Officers	18	Statement of Comprehensive Income	27	Independent Audit Report	42

ORGANISATIONAL OVERVIEW

ABOUT VICTORIAN CYTOLOGY SERVICE INCORPORATED (VCS INC.)

Victorian Cytology Service Incorporated (VCS Inc.) is a Health Promotion Charity whose origins centre on the provision of laboratory testing and registry services for the Cervical Screening Program and more recently the National Human Papillomavirus Vaccination Program. Established in 1965 as a joint initiative between the Victorian State Government and the Cancer Council Victoria, the organisation has a proud history in helping to reduce the incidence of cervical cancer in Victoria.

Since its establishment VCS Inc. continues to expand geographically, with new technologies, and with the future possibility of providing a screening registry that would cover other cancers whose impact may be minimised by screening.

CORE LABORATORY SERVICE

The organisation's core laboratory service is the reporting of around 300,000 conventional Pap smears per annum, representing approximately 50% of the total number of Pap smears taken in Victoria and making it the largest single laboratory reporting Pap tests in Australia. Commonwealth and State funding ensures that the Pap screening service is provided free of charge to women.

The organisation has expanded its core testing to include Liquid Based Cytology, Histology, HPV (Human Papillomavirus) and Chlamydia testing.

Revenue generated through these initiatives is invested back into the organisation through its programs and its staff.

THE VICTORIAN CERVICAL CYTOLOGY REGISTRY (VCCR)

VCS Inc. auspices the Victorian Cervical Cytology Registry (VCCR), which works closely with VCS and other laboratories. VCCR is a key component of the cervical screening program in Victoria and records the results of almost all the Pap smears performed in Victoria. VCCR administers a comprehensive Reminder and Follow-up program for each Victorian woman who has her Pap smear result listed with the register.

VCCR contains a linked record for each woman containing details of her Pap test and subsequent investigations. This database is used to remind women when their Pap test is overdue and to remind women and doctors when the follow-up of abnormal results is apparently overdue.

VCCR also provides history links for laboratories reporting Pap smears and is responsible for production of statistical information on cervical screening.

THE NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER (NHVPR)

The National Human Papillomavirus Vaccination Program Register (NHVPR) was established in early 2008 to support the National HPV Vaccination Program, and is fully funded by the Commonwealth Government. The NHVPR plays an essential role in monitoring and evaluating the HPV vaccination program through the registration of immunisation providers, generation of individual consumer immunisation records, producing follow up and reminder statements, making notification payments, conducting research and producing statistical information on the National HPV Vaccination Program.

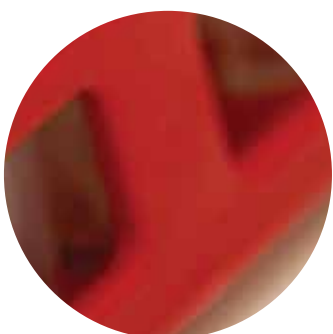
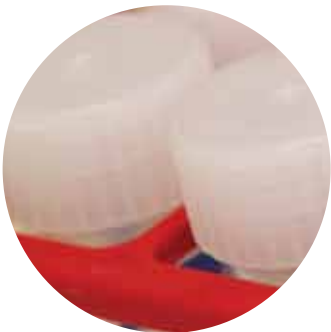
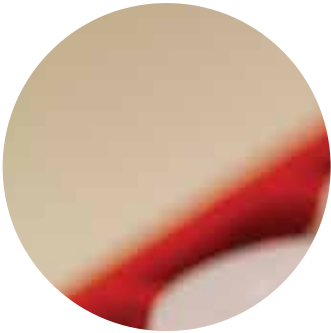
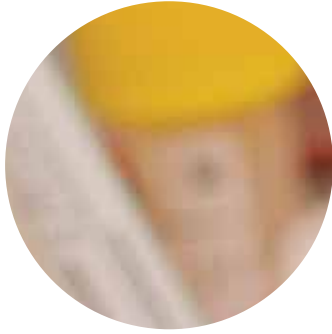
RESEARCH, EDUCATION & TRAINING

VCS Inc's activities extend beyond the provision of laboratory and registry services. It plays a key role as a centre for research and teaching and provides advice to state and federal governments to assist with policy formulation. Research and education activities include:

- Maintaining a teaching and training centre for diagnostic cytology, with links to major teaching hospitals and universities
- Education and training of scientific and medical undergraduates, scientists, pathology registrars and pathologists
- Conducting and supporting scientific research including investigations into new technologies and the epidemiology of cervical cancer, leading to publication of findings in the international scientific literature
- Providing educational sessions for medical practitioners and health professionals to assist them in refining their skills and improving the way Pap tests are performed.

FUNDING

VCS Inc. has a multimillion-dollar budget with the majority of funds coming from the Commonwealth Government and the Victorian State Government. It has strong relationships with the Department of Health (Vic.) and the Department of Health and Ageing (Cth). The laboratory, registry and support services employ approximately 150 staff in a variety of roles, including, administration, clerical, scientific, medical, courier, information technology and customer service staff.



PRESIDENT'S REPORT

This has been another busy and successful year for VCS Inc., with the organisation not only maintaining its characteristic high standards, but also dealing with the challenges of change, and planning creatively for the future.

I would like to thank Dr Peter Grant, the immediate outgoing President, for his guidance, leadership and his enormous contributions to the Board as a member from 2004 and as President from 2007 to 2009. Dr Grant led the Board and the organisation through times of significant change such as the establishment of the National Human Papillomavirus Vaccination Registry and the relocation of the Victorian Cervical Cytology Registry to its new premises in East Melbourne.

The core service of VCS Inc. continues to be the reporting of Pap tests. In the last financial year VCS reported 292,454 Pap tests which represent more than half of the Pap tests performed in Victoria. Also during the year VCS gained the necessary knowledge and testing equipment to support the increase in Chlamydia testing using the Polymerase Chain Reaction (PCR) method. These services together with the outstanding contribution from our Registries; the Victorian Cervical Cytology Registry and the National HPV Register, has positioned the organisation as a leader in women's health services.

Strategic goals for 2009–2012 (pages 8–12) have been developed in line with the evolution of the organisation as it expands to meet the changing needs of referrers and stakeholders. Progress towards these aims can be reported, and they focus our efforts for the continuing success of VCS Inc.

The highlight of the year was the 20th Anniversary of the Victorian Cervical Cytology Registry. I would like to thank the Director, Dorota Gertig, and all of the staff involved with VCCR over the years who have shown a strong commitment to the quality of the information held on the Register. It is this organised approach to cervical screening that has contributed to such marked declines in the incidence of cervical cancer. Each year in Victoria, over 584,000 Pap tests are registered by the VCCR, representing almost 556,000 women. Since 1991, there has been a 50 per cent reduction in the number of Victorian women diagnosed with cervical cancer, falling from 9.8 to 4.5 per 100,000 women from 1991 to 2006.

I would like to acknowledge my colleagues on the Board, who give their considerable expertise and time so generously. They come from a range of disciplines and all contribute to the health and well being of women in our community through their association with VCS Inc.

This is Marion Saville's tenth year as Executive Director of VCS Inc. Under her leadership the organisation has undergone enormous development. She should be very proud of her achievements as Executive Director, and on behalf of the Board I thank her for her drive, passion and commitment to her work and VCS Inc. We look forward to continuing to work together, delivering this important service to the community.

JANE COLLINS
President



EXECUTIVE DIRECTOR'S REPORT

This is the first year reporting against the 2009-2012 Strategic Plan and the key objectives contained therein. The Senior Management Team supported by the staff at VCS Inc. have taken on the associated challenges with some objectives already achieved.

The first significant achievement against the plan is the introduction of a new testing method for PCR Chlamydia. As a result of generous capital funding by the Victorian Government, VCS is now well positioned to respond to the high rates of Chlamydia within Australia through the introduction of the Polymerase Chain Reaction (PCR) technology for the testing of Chlamydia. This method of testing has enabled VCS to test for Chlamydia using urine samples rather than in conjunction with a cervical sample that was required using the previous hc2 testing method. The introduction of PCR technology has increased the quality and accessibility of the VCS service in this test, making it more acceptable to practitioners wishing to offer routine screening for Chlamydia to asymptomatic young women and men in a general practice or community health setting.

The introduction of PCR testing would not have been possible without the significant refurbishment that has taken place within the laboratory and specimen reception areas. The refurbishment has utilised existing space to maximise efficiency allowing for a safer and more productive work environment. I would like to thank the Director of Laboratory Operations, Gillian Phillips for her role in the refurbishment and ensuring that the day to day operations continued without interruption. Thank you also to the Director of Corporate Services, Mark Van Zuylekom and particularly the Human Resources Manager, Sally Wilson, who together coordinated the building works and the relocation of staff during construction.

I would also like to thank the Director of ICT – Matthew Cunningham and his team who continue to provide exceptional service to the organisation. During the financial year, in addition to the usual demands placed on the department, the team developed a Disaster Recovery System ensuring the millions of women's records held at VCS Inc. can be rapidly restored in the event of a disaster at the Carlton site. In addition, with limited notice a new software provider for the electronic transfer of test results to clinics was required. The ICT Department sourced, tested and rolled out new software to approximately 800 clinics in the space of 6 months. The responsiveness of the Department is a testament to Matthew Cunningham and his leadership.

I would like to congratulate NHVPR Director, Julia Brotherton and her team at the NHVPR who successfully finalised vaccination notification payments to GPs, supporting the Department of Health initiative which ceased at the end of June 2010. Over \$9.9 million was paid for 1.6 million notifications since the commencement of payments in September 2008, a significant achievement from all involved. The success of the NHVPR and the continued high standard of service provided by the VCCR under the Direction of Dorota Gertig will ensure that the organisation is in a leading position to tender for a possible National Cervical Screening Register in the future.

I have mentioned the significant projects that have occurred throughout the year, however, I would also like to acknowledge the day to day dedication and hard work of all Senior Staff and their associated teams during a very productive year.

Finally I would like to thank the VCS Inc. Board of Directors for voluntarily giving up their time and expertise. I look forward to working with Dr Jane Collins in her role as President, and together with Jane I would like to take the opportunity to thank the outgoing President Dr Peter Grant for his guidance and direction. Under Dr Grant's direction the Board were instrumental in developing the Strategic Plan for the 2009- 2012 period. I look forward to continuing to work with the Board and the staff at VCS Inc.

A/PROF MARION SAVILLE
Executive Director



HIGHLIGHTS

QUALITY

On the 25th November 2009 the laboratory was assessed to AS 4633:2004 (ISO 15189:2003) *Medical laboratories – Particular requirements for quality and competence* and the AS 4633 (ISO 15189) Field Application Document – Medical Testing Supplementary Requirements for Accreditation (July 2009). NATA established with a high level of confidence, that the VCS laboratory met all relevant standards. VCS Inc. has been accredited to 17th February 2013.

VCCR 20 YEAR ANNIVERSARY

The VCCR celebrated its 20th Anniversary in August 2009, with presentations and a luncheon at the Queen Victoria Women's Centre. The event was well attended by key stakeholders and friends of VCCR including the Minister for Health, Daniel Andrews.

PAP SMEAR REPORTING

The core service of VCS remains strong with 292,454 Pap smears reported in 2009/10, representing a market share of 50.8%, the highest recorded since 1992. The internal turn around time for Pap Smear results has consistently remained well below 3 days.

INTRODUCTION OF NEW CHLAMYDIA TESTING METHOD

The introduction of Polymerase Chain Reaction (PCR) technology has increased the quality and accessibility of the VCS service in this test, making it more acceptable to practitioners wishing to offer routine screening for Chlamydia to asymptomatic young women and men in a general practice or community health setting.

To support the test, VCS in conjunction with Melbourne Sexual Health Centre produced an instructional DVD "Testing for Chlamydia Who, When, Where and Why" This resource has been used widely when the VCS liaison physicians provide education campaigns.

EDUCATION

The Senior Liaison Physician, Dr Stella Heley and Liaison Physicians, Dr Siobhan Bourke and Dr Larissa Roeske delivered in excess of 60 educational updates to a combined audience of more than 600 GPs, Registrars, Nurses and Midwives. These education sessions are designed to cover the cervical screening program, the HPV (Human Papillomavirus) vaccine, and testing for Chlamydia trachomatis and are tailored to suit the requirements of individual Doctors, medical practices or Conference audiences.

In addition to these tailored education sessions the VCS Liaison physicians have presented at key women's health conferences including:

- Women's Health Ed – Melbourne University – Sep 09 2009
- The General Practitioner Conference and Exhibition (GPCE) – Melbourne, November 2009
- Australian Society for Gynaecological Cancer (ASGO) – WA 24th - 27th March 2010
- Big Weekend – Saturday 17th to Sunday 18th April 2010 Creswick
- Sexual Health Update – 1st May 2010 (General Practitioners & Sexual Health Physicians)
- Australian Society for Colposcopy and Cervical Pathology (ASCCP) – Melbourne University 1-2nd May 2010

RMIT

VCS External Teaching staff delivered the RMIT Cytopathology 2 course to 24 students and achieved 100% on the Good Teaching Scale. This score continues to reflect the high level of student satisfaction for the quality of VCS teaching and VCS teaching resources.

DISASTER RECOVERY SYSTEM FOR THE CYTOLOGY INFORMATION SYSTEM (CIS) DATA BASE

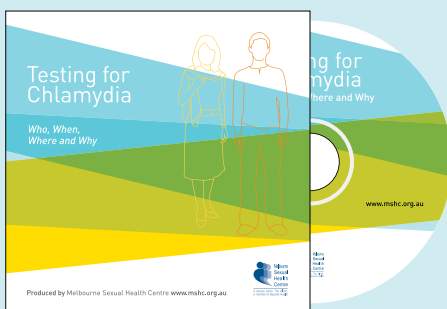
The IT team successfully implemented an offsite Disaster Recovery system for the VCS Inc. CIS Database which holds cytology and histology information for over 2.5 million women.

VCCR

In 2009, more than 584,300 Pap tests were registered by the VCCR, representing almost 556,600 women. In its role as a safety net for the cervical screening program, the VCCR sent almost 297,800 follow-up and reminder letters to women and practitioners.

NHVPR

Since its establishment in 2008 the NHVPR holds over 4.2 million notifications and has sent over 1 million completion statements. In addition the Register has sent 80,000 history statements to girls for whom the register had not yet received notification of receipt of the three doses required to complete their vaccination course.





VICTORIAN
CYTOLOGY SERVICES
752 Swanston
St. Melbourne. Vic.



STATEMENT OF STRATEGIC INTENT

Through the implementation of activities associated with the Statement of Strategic Intent, VCS will strive to maintain its core services whilst positioning itself to diversify with changing technologies. Management will be guided by changes within the National Screening Program and the organisation is poised to take on the associated challenges.

Following are the activities undertaken in 2009/10 against the five key objectives that form the Statement of Strategic Intent:



1

1. OBTAIN A HIGHER SHARE OF THE CHLAMYDIA MARKET TO POSITION THE ORGANISATION FOR A POSSIBLE NATIONAL CHLAMYDIA SCREENING PROGRAM

As a result of generous capital funding by the Victorian Government, VCS Inc is now well positioned to respond to the high rates of Chlamydia within Australia through the introduction of the Polymerase Chain Reaction (PCR) technology for the testing of Chlamydia. This method of testing has enabled VCS to test for Chlamydia using urine samples rather than in conjunction with a cervical sample that was required using the previous hc2 testing method.

The PCR method was introduced early in 2010.

The organisation is committed to offering this test at the bulk-billed rate as we believe that even a small co-payment would be a significant barrier to young people undertaking Chlamydia testing. The introduction of PCR technology has increased the quality and accessibility of the VCS service in this test, making it more acceptable to practitioners wishing to offer routine screening for Chlamydia to asymptomatic young women and men in a general practice or community health setting.

VCS have produced information packs (DVD, Letter, Education and consumables samples) which have been forwarded to the majority of our referring practitioners and distributed at relevant conferences and education sessions held by our liaison physicians.



2

2. ESTABLISH A UNIT FOR POLICY DRIVEN RESEARCH AND PROGRAM EVALUATION RELEVANT TO THE VISION

A research and evaluation team led by Dorota Gertig and Julia Brotherton has been established to support the State Government's Cancer Action Plan 2008 – 2011. The target of the plan is to improve participation rates in population-based cancer screening programs as a priority area, in particular among communities that have lower than average participation rates such as Aboriginal and Torres Strait Islander (ATSI) and Culturally and Linguistically Diverse (CALD) communities. The following activities have been undertaken:

Geographical Reporting study

Phase 1 of this report used spatial data analysis based on small areas (Statistical Local Areas) to explore cancer screening participation in Victoria, including analyses by socioeconomic characteristics, Aboriginal and Torres Strait Islander status and language other than English spoken at home. An interim report has now been finalised.

Environmental Survey

In 2009 VCS Inc. was commissioned by the Victorian Department of Health to conduct a survey of cancer screening programs around Australia and New Zealand to obtain information about the strategies and approaches being used to capture under-screened, never-screened and hard-to-reach populations. Responses were collected from 39 contacts across government, the research sector and cancer councils in Australia and New Zealand. The breast, bowel and cervical cancer screening programs were all well represented. A final report highlighting the survey results was compiled and provided to the Department of Health (Vic).

Literature review; Underscreening

VCS Inc. was commissioned by the Victorian Department of Health to undertake a review of international literature (peer-reviewed and grey literature) focusing on key areas that inform thinking, knowledge and approaches to engaging individuals, groups and communities to participate in organized programs, including population-based screening programs. The review was completed and presented to the Department in three stand alone documents:

Volume 1

Focuses on the factors and barriers to participation in screening programs.

Volume 2

Focuses on the impact of interventions designed to increase participation in organized screening/health programs.

Volume 3

Provides an overview of the theoretical models underpinning thinking in relation to participation in screening programs.

Data linkage project

At present, participation in cervical screening in different community groups is not simple to estimate because insufficient demographic data is collected in the National Cervical Screening Program. Demographic information, including information on ATSI and CALD status, is collected by several state and federal government agencies that administer health data. Combined information from these collections could help identify under-screened community groups; it could also enable the comparison of cancer screening in ATSI and CALD groups across cancer screening programs (cervical, breast and bowel).

This project explores the possibility of obtaining this information through the linkage of VCCR data with Indigenous and ethnic status data from other available registries, for example BreastScreen Victoria and the Victorian Admitted Episodes Data Set (VAED). A scoping document has been prepared and will be submitted to the Department of Health in August 2010.



ADDITIONAL RESEARCH PROJECTS

Early assessment of HPV infection post vaccination

- J Brotherton is a Chief Investigator on this Cancer Council funded grant (2010) with Royal Women's Hospital Dept Micro, Family Planning Vic and NSW

Juvenile Onset Recurrent Respiratory Papillomatosis (RRP): retrospective audit of cases in NSW, Australia, to establish disease incidence and disease burden pre vaccination

- J Brotherton is a Chief Investigator on this study funded by a Merck Investigator Initiated grant for 2010

Incidence of cervical abnormalities study

- Analysis of incident rates of Pap abnormality over time by age group in order to detect any early fall in young women due to vaccination
- Analysis completed and accepted as late breaker to IPV conference

ARC HPV modelling grant (HELPA)

- Continuing involvement in this collaboration
- Work from the group being presented at IPV and PHAA immunisation conference

Pilot study of the use of Medicare denominator data for coverage analysis NHVPR

- Data obtained from Medicare
- Analysis underway and paper to be written comparing ABS with Medicare data

Study of GP immunisation coordinators to determine characteristics of practices who did not notify HPV doses

- Pending approval from DOHA to proceed after June 2010

WHINURS study

- J Brotherton is a Chief Investigator on this large collaborative study of HPV prevalence in Indigenous and non Indigenous women
- Paper being prepared

Victorian CATI with PapScreen (includes HPV vaccination coverage and attitudes)

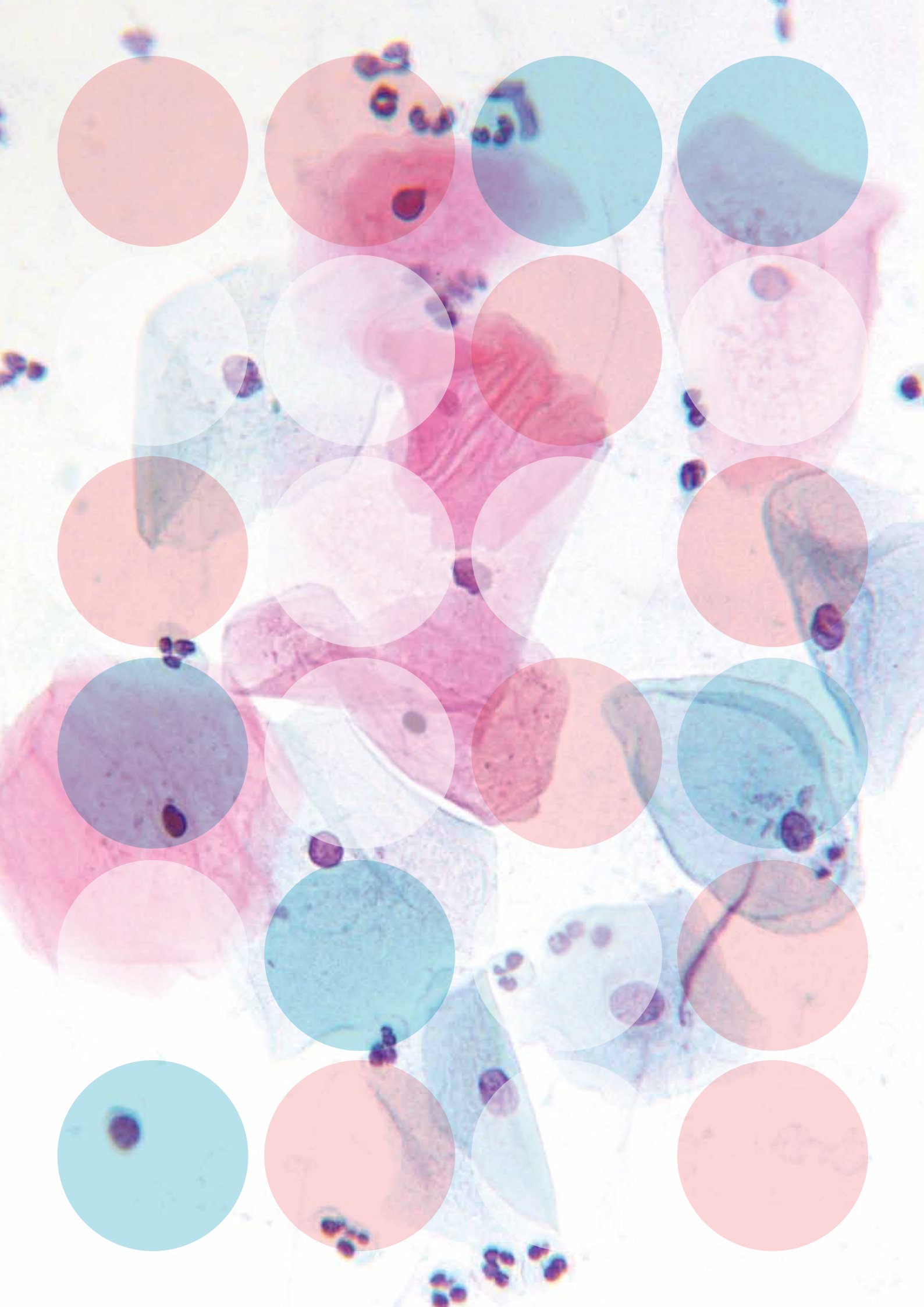
- Accepted for presentation at IPV
- Analysis underway

CeCaGene Study

- Recruitment progressing in Victoria and NSW
- Queensland, SA and WA Pap Test registries, approached and agreed to participate. 849 pairs recruited.
- Slides being obtained from participating laboratories

SUBMISSIONS FOR GRANT FUNDING

- NHMRC Fiona Bruinsma: Pre-cancerous changes in the cervix and subsequent fertility and pregnancy outcomes. D Gertig (Chief Investigator).
- Applications to both NHMRC program grants and to the Merck Investigator Initiated Grants program for additional funding for Early assessment of HPV infection post vaccination study (J Brotherton a Chief Investigator)
- J Brotherton CI on two NHMRC grant applications with CIA Karen Canfell from the NSW Cancer Council
 - Centre for Integrated Policy Evaluation in Cancer Screening (CIPECS) CRE grant proposal
 - Evaluation of Primary HPV Testing for Cervical Screening in Australia
 - Project grant proposal for modelling study.





3

3. BROADEN THE FOCUS OF THE CURRENT BRAND TO ALLOW FOR THE SPECIFIED OPPORTUNITIES CONTAINED WITHIN THE PLAN AS WELL AS POSSIBLE FUTURE OPPORTUNITIES

VCS Inc. has gone through a number of dramatic changes since its establishment in 1965. The Service has expanded to include the VCCR and NHVPR as well as broadening its laboratory focus to include HPV and Chlamydia testing. It therefore has become necessary for VCS Inc to

revisit and revise its vision and statement of purpose, and to develop branding that represents VCS Inc. as a national identity whilst maintaining identities for the separate business units.

The concepts for the new branding will require input from VCS Inc stakeholders and focus groups will be held in the development stages.

To further strengthen VCS branding, a marketing plan has been developed for the laboratory services and is due to be released in the new financial year.



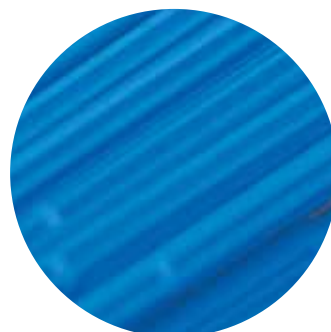
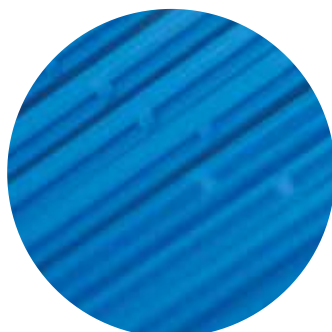
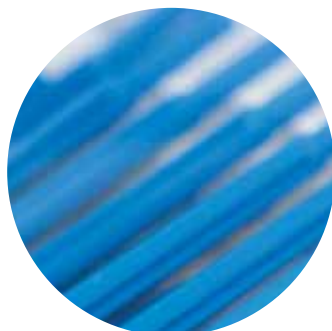
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4. BE READY TO SUCCESSFULLY TENDER FOR A POSSIBLE NATIONAL CERVICAL SCREENING REGISTER

Changes within the National Cervical Screening Program may result in a National Pap Test Register. VCS Inc. is well positioned to tender for this potential register. Should the opportunity arise we have a demonstrated ability to establish

and run a national register with the recent introduction of the National HPV Register and proven experience in running a Cervical Screening Register with VCCR efficiently operating since 1989.

Although the timeline for the tender is uncertain, a working group within VCS Inc. has been established and background work is being undertaken in a number of key areas, in anticipation of tight timelines if and when a tender is issued.



5

5. HAVE THE BUILDING AND IT SYSTEMS IN PLACE TO SUPPORT THE PLANNED ACTIVITIES

Refurbishment of Victorian Cytology Service – Carlton Site

A key objective of the 2009-12 Strategic Plan is that VCS Inc. obtains a higher share of the Chlamydia market, positioning the organisation for a possible National Chlamydia Screening Program. The VCS laboratory facility was designed in 1991, making no allowances for new work practices, technological, cultural or operational changes. The building at the Carlton site was no longer fit for purpose and the laboratory configuration did not permit the introduction of PCR Chlamydia testing.

In order to achieve this strategic objective, substantial building works were required and modifications to the laboratory and other areas including the front offices containing specimen reception and data entry, central laboratory area and mezzanine levels were completed. This refurbishment has enabled VCS to offer Practitioners and their patients Chlamydia testing via PCR.

The refurbishment also included an update of the kitchen area which was overcrowded and lacked the appropriate

facilities for the number of staff housed at the site. The new kitchen is significantly bigger, addresses occupational health and safety concerns and has been a boost for staff morale.

Database Disaster Recovery

A significant risk had been identified that in the advent of a disaster at the Carlton site resulting in the destruction of the Cytology Information System (CIS) database servers, the time to recover data from back-up tapes would be potentially significant (e.g. possibly 3+ months). The CIS Database holds cytology and histology information for over 2.5 million women.

To mitigate this risk to the CIS Database, the ICT department implemented a Database Disaster Recovery system in which the CIS database is replicated off site. This system has been configured, established and tested at the East Melbourne site. In the event of a disaster at the Carlton site, the recovery time for the CIS Database is now expected to be within one hour. This project was delivered for a minimal investment of \$30K.

Server Infrastructure Replacement

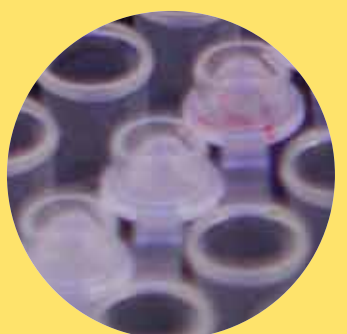
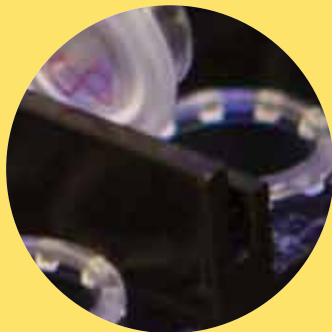
As part of the ICT Replacement Schedule, VCS Inc's physical server infrastructure was due for replacement. With the approval of the VCS Board of Directors, the ICT Department is now in the process

of replacing the current physical backend HP server infrastructure with a virtual server infrastructure, inclusive of a Disaster Recovery platform to meet the recovery objectives of the organisation.

Implementing a virtual server will realise a number of important benefits, with the most significant being the ability to implement effective Disaster Recovery. Having a virtual environment with replicated offsite Disaster Recover servers at the East Melbourne site will enable the organisation to recover from a disaster to these machines, thus mitigating risk and providing an infrastructure that can better support Business Continuity Plan objectives.

A virtual environment will also enable the ICT department to cost effectively provide additional IT backend server infrastructure when new strategic projects or tactical requirements demand. Virtual environments also promote 'green computing' in the form of greater server hardware utilisation, meaning the number of physical servers required is reduced, in turn reducing the amount of power/cooling required to keep the servers operating. The Virtual Server Infrastructure will in operation by the end of the calendar year.





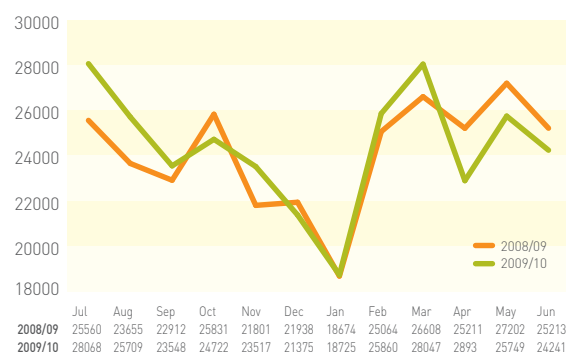
PERFORMANCE INDICATORS

THE VICTORIAN CYTOLOGY SERVICE STRIVES TO CONSISTENTLY PROVIDE ACCURATE AND TIMELY LABORATORY AND REGISTRY SERVICES THAT MEET OR EXCEED COMMUNITY EXPECTATIONS AND REGULATORY REQUIREMENTS. THE FOLLOWING GRAPHS OUTLINE VCS'S PERFORMANCE IN 2009/10.

Pap Smear Market Share

Pap test market share for the financial year was 50.8%, this is the highest result since 1992/93 when the market share was reported at 55%. VCS reported a total of 292,454 Pap smears in 2009 compared to 289,669 in 2008.

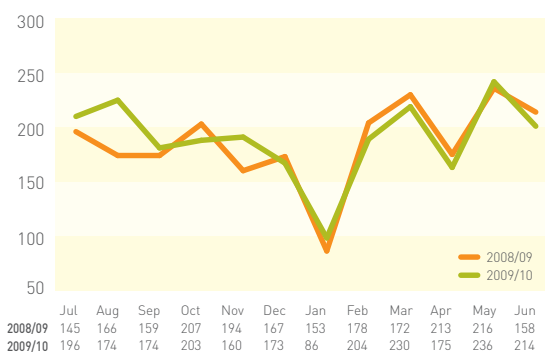
PAP TEST TOTALS



Histology Volumes

Histology reporting volumes were 2,274 for the 2009/10 financial year compared to 2,225 in the previous. The volumes for histology remain stable.

HISTOLOGY VOLUMES



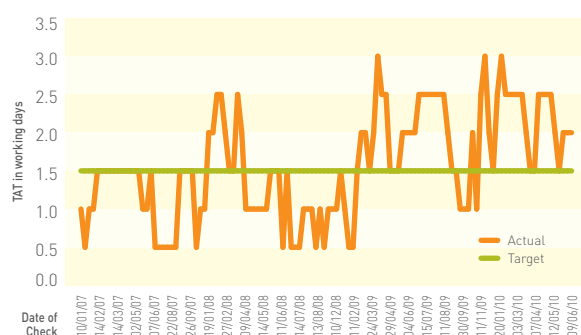
Laboratory Reporting Turnaround Times

As part of the VCS Inc. quality monitoring system, internal targets have been set for test turn around times (TAT). These targets differ depending on the type of test and are detailed as follows along with the volumes received for each test.

Pap Smear Turnaround Times

Turn around times for Pap tests consistently remain below the National Pathology Accreditation Advisory Council's (NPAAC) requirement of 90% of cases reported within 5 working days of receipt in the laboratory. The VCS internal target of 1.5 days has not been met over a number of months due to high smear volumes however close management has ensured that TAT has never exceeded 3 days.

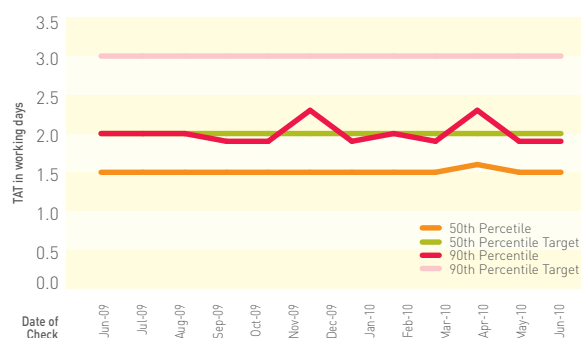
PAP SMEAR TURNAROUND TIME



Histology Turnaround Times

An internal target has been set for non complex histology specimens received in the laboratory to be processed and reported within 48 hours of receipt (50th percentile) and the more complex cases reported within 72 hours of receipt (90th percentile).

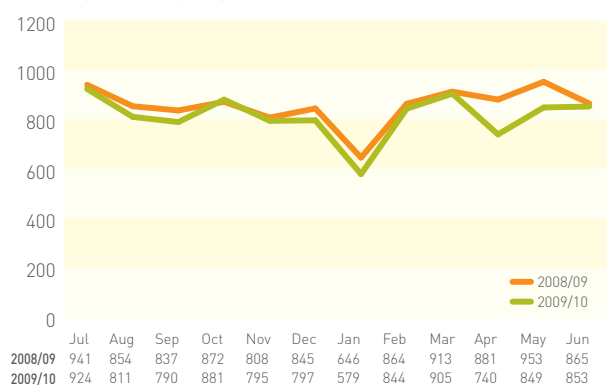
HISTOLOGY TAT RECEIPT TO VALIDATION



HPV Volumes

HPV test numbers have stabilised with a total of 9,768 tests reported in 2009/10 compared to 10,279 in the previous year.

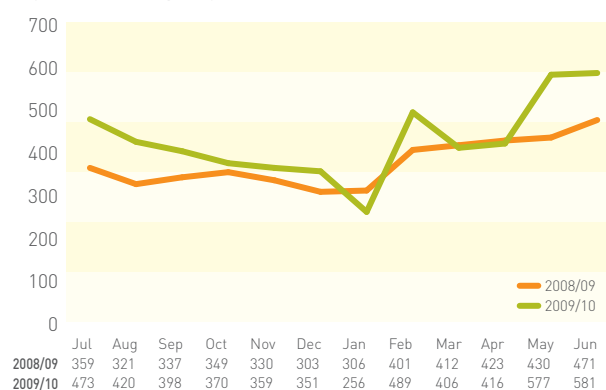
HPV TESTING VOLUMES



Chlamydia Volumes

Chlamydia testing has steadily increased with a total of 5,096 tests reported in 2009/10 compared to 4,442 in the previous year.

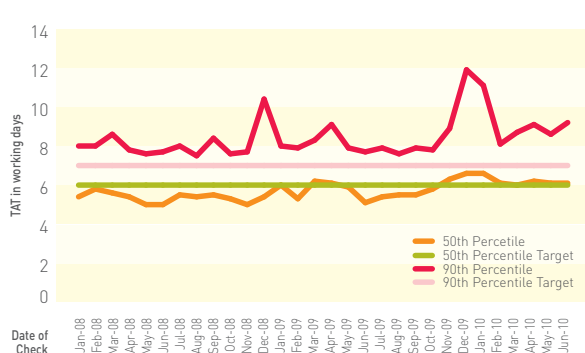
CHLAMYDIA TESTING



HPV Turnaround Times

Internal targets for HPV reporting are 50th Percentile <6 days, 90th percentile <7 days. The graph shows the time taken from the clinician taking the sample to receiving the report. VCS have established regular HPV testing runs in line with the increasing volumes. The second half of the year saw the testing pattern stabilize for the 50th percentile however further monitoring is required to improve the TAT for the 90th percentile.

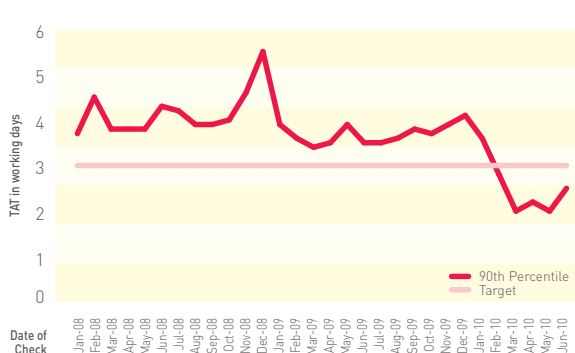
HPV TAT COLLECTION TO VALIDATION



Chlamydia Turnaround Times

The internal targets for Chlamydia reporting is a turn around time of <7 days from the clinician taking the sample to receiving the report and <3 days from receipt in the laboratory to report validation. With the introduction of the Polymerase Chain Reaction testing in February 2010 VCS are now able to run the test on a daily basis which has significantly improved the turn around time within the laboratory. It is anticipated the turn around time will reduce further in the next financial year.

CHLAMYDIA TAT RECEIPT TO VALIDATION



SENIOR OFFICERS

EXECUTIVE OFFICERS

Executive Director and Public Officer

Associate Professor Marion Saville
MBChB, Am Bd (Anat Path & Cytopath), FIAC,
Grad Dip Med (Clin Epi)

Director – Victorian Cervical Cytology Registry & Epidemiologist – Victorian Cytology Service Inc

Associate Professor Dorota Gertig
MBBS (Hons), MHS c, ScD, FAFPHM

Director – National HPV Vaccination Register & Epidemiologist – Victorian Cytology Service Inc

Julia Brotherton
BMed (Hons), MPH (Hons), Grad Dip App Epi,
FAFPHM

Director - Corporate Services

Mark Van Zuylekom BS c, MBA, GAICD

Director - Laboratory Operations

Gillian Phillips
M. App. Science, M. Health Service
Management, CT (ASC), CT (IAC)

Director - Information Communication Technology

Matthew Cunningham BBus(InfoSys), MIS

MEDICAL STAFF

Managing Pathologist

Siew Chin Lian MB, BS, FRCPA

Deputy Managing Pathologist

Trishe Leong MB, BS (Hons), FRCPA

Pathologists

Henry Yeung MB, BS, FRCPA

Kristy Dundas MB, BS, FRCPA

Shaw-Ping Tong MB, BS, FRCPA

Daryl Johnson MB, BS, FRCPA

Senior Liaison Physician

Stella Heley
BA (Hons) MB, BS, Dip Ven (Lond), FACSHF

Liaison Physician

Siobhan Bourke
FAC hSHM, MPH, MBS (Hons), Grad Cert PH
(Sexual Health)

Liaison Physician

Larissa Roeske MBS Hons, FRACGP, DipVen

SENIOR ADMINISTRATION STAFF

Finance Manager

Pauline Lomas B.Bus(Acc), ASA

Human Resources Manager

Sally Wilson BA/B.Com

Quality Manager

Peter Di Sciascio BSc, MACB, MAIMS

Health Information Manager VCCR

Cathryn Wharton BAppSc, GradCertHlthInfo

Manager – VCCR/NHVPR

Genevieve Chappell BAppSc(MRA).MBA

External Teaching Coordinator

Fiona Maxey BAppSc (MLS), CT (ASC)

Client Liaison and Support

Lyndal Ritchie BSc (Hons)



BOARD MEMBERS

DR JANE COLLINS - PRESIDENT

Dr Jane Collins was appointed to the Board in February 2008 to fill the role of General Practitioner Representative and was elected President in November 2009. Dr Collins is an experienced General Practitioner, business owner and freelance medical writer. She has a special interest in women's health as well as the provision and organisation of health care in the wider community. Dr Collins is a co-owner and the Clinical Director of the Clifton Hill Medical Group, an inner urban general practice, comprising 15 GPs.

ASSOCIATE PROFESSOR PETER GRANT - IMMEDIATE PAST PRESIDENT

Associate Professor Grant joined the VCS Inc Board in 2004 as the representative with expertise in the area of Gynaecological Oncology and served as President from 2007 until his resignation in May 2010. Assoc Professor Grant is currently the Director of the Gynaecological Oncology Department at the Mercy Hospital for Women and is a lead investigator or participant in many trials in the area of Gynaecological Oncology. Assoc Professor Grant is also a member of the scientific advisory board for the National Breast and Ovarian Cancer Centre.

MS CHRISTINE HARVEY - VICE PRESIDENT

Ms Christine Harvey was appointed to the Board in February 2008 to fill the role of a representative with Finance, Commerce, Corporate Management and Law expertise and was elected Vice President of the Board in November 2009. Ms Harvey is a legal practitioner with degrees in both arts and law (with Honours) from the Australian National University (ANU) and is admitted to practice in the ACT and NSW. Ms Harvey has had a diverse career as a legal practitioner in both private and government practice and as a special magistrate of the ACT Magistrates Court. In addition, she has significant experience working in professional associations and peak industry bodies at the national, state and territory level.

Ms Harvey has held positions as Director of Professional Standards of the Law Society of the ACT, Executive Director of the Law Society of the ACT; Deputy Secretary-General of the Law Council of Australia, Chief Executive Officer of the Royal Australian Institute of Architects and Chief Executive Officer of The Victorian Bar.

MS JULIANN BYRON TREASURER

Ms Byron joined the Board in March 2003 as Treasurer with qualifications including Fellow CPA Australia, Fellow of the Australian Institute of Company Directors, Member of Chartered Secretaries Australia, and Fellow of the Taxation Institute of Australia. Ms Byron has experience with both public and private companies in areas including finance, risk management, governance and strategic planning.

MS SANDY ANDERSON

Ms Anderson was appointed to the Board in 2000 and holds the position of nurse with expertise in family planning. She was President of the VCS Inc. Board from 2004 to 2007. Ms Anderson is a registered nurse with a Graduate Diploma of Community Health Nursing, Sexual and Reproductive Health Nurse Training, and a Master of Health Management.

Ms Anderson has worked with PapScreen Victoria for over nine years in a role working with nurse Pap test providers throughout the state and as part of this role coordinates the Victorian Nurse Credentialing Program. Ms Anderson was appointed to the Sexual and Reproductive Health Taskforce formed by DHS in March 2009. Ms Anderson is a member of the Victorian Civil and Administrative Tribunal in relation to nurse matters. Ms Anderson also currently runs a Well Women's Service at Women's Health Grampians, servicing Ballarat and other areas of the Grampians region.

MS KATE BROWN

Ms Brown is a representative of the Cancer Council Victoria on the VCS Board. Ms Brown joined the Board in September 2005 and served for a two year period. Following a maternity break, she returned in October 2009. Ms Brown is the Communications and Recruitment Program Manager of PapScreen Victoria and has extensive experience in health promotion, particularly women's health.

BOARD MEMBERS

PROFESSOR DALLAS ENGLISH

Professor Dallas English joined the Board in October 2007 as the Cancer Council Representative. Professor English obtained a PhD in epidemiology from the University of Washington in Seattle, USA in 1982. From 1982 to 1999, he worked at the University of Western Australia, first in the NHMRC Research Unit in Epidemiology and Preventive Medicine, and later in the Department of Public Health. His last position there was Associate Professor. He moved to the Cancer Council Victoria in February 2000 where he was the Associate Director of the Cancer Epidemiology Centre. Professor English has substantial experience as a cancer epidemiologist having worked in this field since 1982. He is currently the Director of the Centre for Molecular, Environmental, Genetic & Analytic (MEGA) Epidemiology with the Melbourne School of Population Health, University of Melbourne. Professor English resigned from the Board in October 2009.

MS MARIE HOWARD

Ms Marie Howard joined the Board in June 2008 as the representative of Finance, Commerce and Corporate Management and is also a member of the Audit and Finance Subcommittee. Marie is the CEO of Early Childhood Management Services, a community not-for-profit organisation that provides management services for kindergartens and childcare. With a background in early childhood, Ms Howard has held a variety of positions within the sector including in state government.

As CEO, Ms Howard works directly with her Board of Management and has had experience and training in governance. She is also an alumni of Leadership Victoria's Experience Bank Program that trains senior managers in the issues facing the not-for-profit sector with a view of contributing back to the sector by taking up positions on not-for-profit boards and other community activities.

LUCY HUNTER

Ms Lucy Hunter joined the Board in 2008 as the Law Representative. Ms Hunter has worked as a solicitor in private practice and is currently employed as corporate counsel in a public hospital. Ms Hunter has extensive experience in governance, drawing on her experience as a member of the board of a public hospital, the Metropolitan Ambulance Service and the Road Traffic Authority.

PROFESSOR TERRY NOLAN

Professor Terry Nolan joined the VCS Board in November 2008. Professor Nolan is Foundation Head of the Melbourne School of Population Health at The University of Melbourne, and Associate Dean of the Faculty of Medicine, Dentistry and Health Sciences. He is Head of the Vaccine and Immunisation Research Group (VIRG), a joint initiative of the Melbourne School of Population Health and Murdoch Children's Research Institute, and Director of the NHMRC Centre for Clinical Research Excellence (CCRE) in Child and Adolescent Immunisation.

His research includes clinical trials of new vaccines, and epidemiologic studies of respiratory viruses and other vaccine-preventable infections. His research program includes a research group that contributes to the NHMRC - funded national capacity building program in mathematical modelling of vaccine-preventable disease, focussing especially on pandemic influenza modelling.

He is Chair of ATAGI (Australian Technical Advisory Group on Immunisation), the Commonwealth Government peak advisory body on vaccines. He is also a member of three expert committees convened by the Government's Chief Medical Officer: Scientific Influenza Advisory Group (SIAG); the Pandemic Vaccine Advisory Group; and the Pandemic Influenza Expert Advisory Group.

MR. C. DAVID H. WREDE

Mr Wrede was appointed to the Board of the Victorian Cytology Service in May 2010 as the representative with gynaecological expertise. Mr Wrede is the Gynaecological Oncology Consultant and Lead for Dysplasia at The Royal Women's Hospital Melbourne, a position he has held since 2009.

Mr Wrede was educated in London and Hampshire, University of Cambridge and St. Thomas' Hospital Medical School London and trained in Surgery and Obstetrics & Gynaecology in London, Oxford, the West Midlands with a year in Melbourne (1998) as a Senior Registrar at Sunshine, Williamstown and The Mercy Hospitals.

Mr Wrede was appointed Consultant in O&G with a special interest in Oncology and Colposcopy to Fife Acute Hospitals (Kirkcaldy & Dunfermline, Fife, Scotland) in 1999, and was appointed Consultant and Staff Specialist in O&G with special interests in Oncology, Colposcopy and Minimal Access Surgery to Musgrove Park Hospital, Taunton SW England in 2004.

His professional interests include Gynaecological Oncology, Dysplasia (Colposcopy), Minimal Access Surgery and complex Obstetric Surgery.

TESS WHITTAKERS

Ms Whittakers joined the Board in June 2008 as the Consumer Representative. Tess was a participant in the cervical cancer vaccine trials conducted through the Royal Women's Hospital and was involved in promoting the vaccine. Ms Whittakers has completed a Bachelor of Arts and Sciences at the University of Melbourne and her Master of Development Studies with a focus on human rights and women's health issues.



DR JANE COLLINS



DR PETER GRANT



MS CHRISTINE HARVEY



MS JULIANN BYRON



MS SANDY ANDERSON



MS KATE BROUN



PROF. DALLAS ENGLISH



MS MARIE HOWARD



MS LUCY HUNTER



PROF. TERRY NOLAN



MR C. DAVID H. WREDE



MS TESS WHITTAKERS



VICTORIAN CERVICAL CYTOLOGY REGISTRY REPORT

The VCCR celebrated its 20th Anniversary in August 2009, with presentations and a luncheon at the Queen Victoria Women's Centre.

The VCCR was the first Pap Test Registry in Australia and was established in 1989 under the leadership of Dr Heather Mitchell. The Register was a significant achievement and became the model for the other State and Territory Registries, which provide the infrastructure for the National Cervical Screening Program.

The event was well attended by key stakeholders and friends of VCCR, many of whom were integrally involved in its establishment. The Minister for Health, Daniel Andrews congratulated the Registry on its achievements and Dorothy Reading provided an informative overview of the history of the VCCR and some of the challenges faced in the early days, as well describing the overwhelming support for the Registry from health professional and community groups. Current and former VCCR staff, as well as Department of Health representatives and distinguished guests including Nigel Gray, David Hill and Michael Drake attended the event. It was wonderful to celebrate the achievements of the past 20 years as we begin to look forward to future opportunities.

In 2009, more than 584,300 Pap tests were registered by the VCCR, representing almost 556,600 women. In its role as a safety net for the cervical screening program, the VCCR sent almost 297,800 follow-up and reminder letters to women and practitioners. In addition, the VCCR was represented on a number of State and National Committees and working groups over the past year, including the National Safety Monitoring Advisory Committee, the PapScreen Advisory Committee, the National Pathology Accreditation Advisory Council and the Colposcopy Quality Improvement Program.

The Victorian Cancer Action Plan (VCAP) was launched in December 2008, with one of the goals being to increase participation in Aboriginal and Torres Strait Islander communities and culturally and linguistically diverse groups by 10%. VCCR has been instrumental in completing several key projects that inform the VCAP, including: a literature review of strategies to increase participation in cancer screening, a Geographical Reporting project, an Environmental Survey of activities around underscreening in

Australia and designing a data linkage project. VCCR will continue to play a role in informing and evaluating projects for the Cancer Action Plan over the next two years.

I would like to take the opportunity to thank Genevieve Chappell and her dedicated staff, Julia Brotherton, Matt Cunningham and the ICT team, Mark Van Zuylekom, Marion Saville and the VCS Board of Directors for all their support throughout the year.

A/PROF DOROTA GERTIG
Director

*Right: Dorota Gertig
and Minister for Health,
Daniel Andrews*



NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER REPORT

Over the last year the team at the NHVPR has successfully completed the processing of all of the notifications of HPV vaccination received for women who participated in the catch up HPV vaccination program in Australia between 2007 and 2009. This is an enormous achievement and the register now holds over 4.2 million notifications, has sent over 1 million completion statements and 80,000 history statements to girls for whom the register had not yet received notification of receipt of the three doses required to complete their course.

Payments for notifications received from general practice concluded at the end of June 2010 and over \$9.9 million was paid for 1.6 million notifications since the commencement of payments in September 2008. As operators of the NHVPR, we are committed to the highest quality data and service to immunisation providers and consumers and this is certainly reflected in the timeliness with which NHVPR staff have been able to process and clear the backlog of notification data and reach a steady state.

But there is more work to do. We are committed to continuing to work with immunisation providers and stakeholders to maximise the usefulness of the data coming back to them from the NHVPR to ensure that it can be used to improve coverage on the ground in the ongoing schools program. A major strategic priority for the Registries at VCS is to contribute to the monitoring and evaluation of the HPV Vaccination Program in Australia, which remains the world's most broadly targeted funded program. We are involved in a range of independent and collaborative projects to make this happen, including coverage analysis and HPV related disease surveillance. As operators of the NHVPR, VCS has an ongoing presence at the National Immunisation Committee, as well as on its data subcommittee, and staff continue to present information about the Register and related research at national and international conferences and stakeholder forums.

I would like to acknowledge the invaluable and ongoing contributions of both Dorota Gertig, whose leadership so clearly helped define and establish the operations of the NHVPR, and Genevieve Chappell, who works tirelessly everyday to ensure the continuing smooth operation of the NHVPR. We are fortunate to have a team of highly skilled and experienced staff working for the NHVPR, including Lesley Rowlands and Karen Peasley, as well as strong support within VCS and from the Board, with particular acknowledgements due to Matt Cunningham and the ICT team, Mark Van Zuylekom, and Marion Saville.

DR JULIA BROTHERTON
Director



THE ORGANISATION

GOVERNANCE

VCS Inc. is incorporated under the Associations Incorporation Act (Vic) 1981 and governed by a Board of Directors.

ACCREDITATION

The VCS laboratory is accredited to AS 4633:2004 (ISO 15189:2003) "Medical laboratories requirements for quality and competence" and is committed to meeting all relevant industry standards including the various requirements of NATA, National Pathology Accreditation Advisory Council (NPAAC), the Royal College of Pathologists Australia (RCPA) and VCS Inc. insurers.

The next NATA assessment of the laboratory is scheduled for February 2013.

Quality system activities are coordinated by the Quality Manager, Mr Peter Di Sciascio. These activities are supported by the quality management software, Q-Pulse which is designed to ensure all policy and procedure documents are reviewed and updated in accordance with NATA requirements as well as support other key elements of the Quality System.

Medicare Certificate of Approval as an Accredited Pathology Laboratory:

- Cytology
- Microbiology
- Tissue Pathology

Quality Programs:

- RCPA Quality Assurance Programs
- College of American Pathologists (CAP) Quality Programs
- American Society of Clinical Pathology (ASCP) Quality Programs
 - CheckPath
 - CheckSample

POLICIES AND PROCEDURES

The VCS Inc. quality management system Q.Pulse currently holds 652 controlled documents including policies, procedures, work instructions, forms and records. During the year 78 new documents were created. Document revision is monitored by Q.Pulse and alerts are provided as to when documents are due for review. A total of 200 documents were reviewed and updated in this financial year. Relevant staff acknowledgement is required and recorded against each updated or newly released quality document.

RISK MANAGEMENT

The VCS Inc Risk Management Policy and Procedure is based on the risk management process outlined in the Australian and New Zealand Standard for Risk Management – AS/NZS 4360:2004. VCS Inc has developed and maintains a Risk Management Plan that assists in the management of its risks by providing it with a systematic process to identify, mitigate and control the risks that may affect its operations.

PRIVACY

VCS appreciates that it holds sensitive personal health information and has strict confidentiality practices in place to protect privacy. Personal and health information held about an individual is used for the following purposes:

- i. Reporting the pathology test that has been ordered;
- ii. Charging for services (where appropriate);
- iii. The Victorian Cervical Cytology Registry (VCCR) to remind women or practitioners of overdue Pap tests.
- iv. Research to improve our knowledge, particularly of how to better prevent cancer of the cervix in women. No research publication identifies an individual person.

Our full privacy policy can be viewed on our website www.vcs.org.au

EQUAL EMPLOYMENT OPPORTUNITY

VCS Inc. is an Equal Employment Opportunity (EEO) employer and is a 'smoke free' workplace.





FINANCIAL REPORT 2010

TREASURER'S REPORT

Victorian Cytology Service Inc., encompassing the Victorian Cytology Service, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register, produced a consolidated deficit of (\$185,792) for the year. While there was an operating surplus for the year before depreciation of \$854,442, the depreciation charge relating to the NHVPR registry system of \$1,040,234 resulted in the deficit of (\$185,792). Capital funding had been received in prior years and held in the Designated Funds Reserve to cover the depreciation expense incurred in subsequent years. The result is considered satisfactory in view of the size of the depreciation charge.

Victorian Cytology Service (VCS) experienced growth in revenue (excluding capital funding) of 1.5% totalling \$11.7m during the 2009/10 financial year. Revenue, as in past years was generated from cervical cancer screening grants, cancer recruitment grants, education and training grants, trading activities, training courses and interest received. The overall increase was due in the main to additional funding received from the Department of Health, and significant growth in Chlamydia testing of 17.5% over the previous year. Patient fees from ThinPrep. HPV and Histology tests experienced a decrease in growth in line with current trends. In addition, capital funding of \$426,445 was received to enable the purchase of vital laboratory equipment and to complete the refurbishment of the laboratories early in the next financial year.

The operating funding was utilised to finance an increase in operating expenses of 4.8%, mainly attributable to an increase in staff costs and additional costs incurred in establishing the new PCR Chlamydia testing regime.

The number of women screened for cervical cancer for the financial year was 292,454 (2009: 289,669).

Victorian Cervical Cytology Registry (VCCR) generated revenue from cancer surveillance grants, trading activities and interest totalling \$1.5m during the year, including funding to cover data linkage and literature review projects of \$257,822 brought forward from the prior year. Expenditure increased by 22.7% largely as a result of increased staff costs and expenditure relating to the projects.

National HPV Vaccination Program Registry (NHVPR) received funding of \$4.4m during the year to cover operating expenses required to maintain the register and provide patient and GP services. Expenditure for the year, excluding the depreciation charge for the HVRIS system, decreased by 4.2%. Payments to general practice for vaccination notifications received were paid directly to the practices by the Dept of Health & Ageing and therefore did not impact the results.

The organisation's activities could not have been achieved without the valuable support provided by the Victorian and Commonwealth Governments. The Department of Health (Vic.) provided funding during the year as in previous years, which enabled VCS and VCCR to continue their efforts to provide crucial and effective services in the area of women's health, including screening, education, the provision of well regarded cytology training to the profession and a confidential database of women's Pap test results in Victoria. The Department of Health and Ageing (Cth) provided funding to maintain the HPV registry, as part of the national HPV vaccination program to monitor females receiving the HPV vaccine.

JULIANN BYRON
Treasurer
Victorian Cytology Service Inc.



VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2009/10 \$	2008/9 \$
Revenue from operating activities	2	17,036,598	17,867,050
Revenue from non operating activities	2	542,685	590,085
Wages and salaries	4	(11,779,017)	(11,126,009)
Operating and administration costs	4	(3,705,839)	(4,045,875)
Medical supplies	4	(776,684)	(733,100)
NET RESULT BEFORE CAPITAL ITEMS AND SPECIFIC ITEMS		1,317,743	2,552,151
Capital purpose income	2	251,587	2,307,849
Depreciation and amortisation	4	(1,731,441)	(997,484)
Loss on sale of non current assets	4	(23,681)	(8,387)
		(1,503,535)	1,301,978
COMPREHENSIVE RESULT FOR THE YEAR		(185,792)	3,854,129

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

BALANCE SHEET AS AT 30 JUNE 2010

	Notes	2009/10 \$	2008/9 \$
CURRENT ASSETS			
Cash and cash equivalents	6	3,197,592	7,091,937
Financial assets		8,480,167	4,676,037
Trade and other receivables	7	297,937	312,093
Inventories	8	83,115	77,720
Other current assets	9	295,211	238,496
Total current assets		12,354,022	12,396,283
NON-CURRENT ASSETS			
Plant, equipment & vehicles	10	2,401,063	1,706,952
Intangible assets	11	1,902,016	2,496,611
Total non current assets		4,303,079	4,203,563
TOTAL ASSETS		16,657,101	16,599,846
CURRENT LIABILITIES			
Unexpended grants	12	1,328,799	1,420,020
Payables	13	1,601,902	1,609,016
Provisions	14	2,617,443	2,362,420
Total current liabilities		5,548,144	5,391,456
NON-CURRENT LIABILITIES			
Provisions	14	570,959	484,600
Total non current liabilities		570,959	484,600
Total liabilities		6,119,103	5,876,056
NET ASSETS		10,537,998	10,723,790
EQUITY			
Accumulated surplus	15	9,780,992	8,926,550
Designated funds reserve	15	757,006	1,797,240
TOTAL EQUITY		10,537,998	10,723,790

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Retained surplus \$	Designated Funds Reserve \$	Total Equity \$
BALANCE AT 30 JUNE 2008	6,869,661	-	6,869,661
Comprehensive result for the year	3,854,129	-	3,854,129
Transfer	(1,797,240)	1,797,240	-
Balance at 30 June 2009	8,926,550	1,797,240	10,723,790
Comprehensive result for the year	(185,792)	-	(185,792)
Transfer	1,040,234	(1,040,234)	-
Balance at 30 June 2010	9,780,992	757,006	10,537,998

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	2009/10 \$	2008/9 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Receipts</i>		
Receipts from trading activities	1,210,885	1,670,292
Interest received	463,402	530,757
Receipts from grants	17,633,015	20,722,276
<i>Payments</i>		
Wages and salaries	(11,441,767)	(10,199,269)
Suppliers	(6,150,620)	(7,595,725)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,714,915	5,128,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for held to maturity investments	(3,804,130)	(285,895)
Purchase of plant and equipment	(1,953,334)	(2,455,149)
Proceeds from sale of plant and equipment	148,203	140,172
NET CASH FLOW FROM INVESTING ACTIVITIES	(5,609,261)	(2,600,872)
NET INCREASE(DECREASE) IN CASH HELD	(3,894,346)	2,527,459
Cash and cash equivalents at the beginning of the financial year	7,091,937	4,564,478
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,197,591	7,091,937
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT		
Comprehensive result for the year	(185,792)	3,854,129
Depreciation and amortisation	1,731,441	997,484
Loss (profit) on sale of fixed assets	(25,823)	(29,338)
Change in operating assets/liabilities		
(Increase) decrease in accounts receivable and other assets	(42,563)	251,741
(Increase) decrease in inventories	(5,395)	(28,047)
(Decrease) increase in payables and unexpended grants	(98,335)	(330,643)
(Decrease) increase in provision for employee entitlements	341,382	413,005
	1,714,915	5,128,331

This statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the Associations Incorporation Act 1981. Victorian Cytology Service Inc comprises the Victorian Cytology Service, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register.

(a) Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the Associations Incorporation Act (Vic) 1981, and applicable Australian Accounting Standards (AASs), Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

The organisation is a not-for-profit entity and therefore applies the additional paragraphs applicable to "not-for-profit" organisations under the AASs.

(b) Basis of Preparation

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010, and the comparative information presented in these financial statements for the year ended 30 June 2009.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The going concern basis was used to prepare the financial statements

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Historical cost convention

The financial statements are prepared in accordance with the historical costs convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Historical cost is based on the fair values of the consideration given in exchange for assets. Cost is based on the fair value of the consideration given in exchange for assets.

(c) Income Tax

The activities of the Victorian Cytology Service Inc. are exempt from income tax and payroll tax. Payments for fringe benefits tax are made in accordance with the relevant legislation.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in, first out principal.

(e) 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. Assets are capitalised when in excess of \$1,000.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors 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 assets' 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 is depreciated on a straight-line basis over the useful life of the asset 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
Plant and equipment	5-50%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

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 and losses are included in the comprehensive income statement.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Other Financial Assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The organisation classifies its financial assets between current and non-current assets based on the purpose for which the assets are acquired. Management determines the classification of its other financial assets at initial recognition.

The organisation assesses at each balance date whether a financial asset or group of financial assets is impaired.

Held-to-maturity investments

Where the organisation has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

(h) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable).

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that future economic benefits will flow to the organisation.

Amortisation is allocated to intangible assets with finite lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds the recoverable amount. Intangible assets with finite useful lives are amortised over a 3 year period (2009:3 years).

(i) Impairment of Assets

At the end of each reporting date, the organisation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement.

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

(j) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the organisation prior to the end of the financial year that are unpaid, and arise when the organisation becomes obliged to make future payments in respect of purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

(k) Employee Benefits

Provision is made for the organisation'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. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected future cash outflows.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(m) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

(n) Revenue

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(o) Government grants

Government grants relating to operational expenditure are recognised upon receipt from the Department of Health. Government funding from the Department of Health and Ageing in relation to the National HPV Registry contract is recognised when an invoice relating to the funding is generated. Grant monies are received to fund projects either for contracted periods of time or specific projects, irrespective of the period of time required to complete those projects. It is the policy of the organisation to treat grant monies as unexpended grants in the balance sheet where the entity is contractually obliged to provide services in a subsequent financial period to when the grant is received, or in the case of specific project grants where the project has not been completed.

(p) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Critical Accounting Estimates and Judgments

The management 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 organisation.

Key estimates – impairment:

The organisation assesses impairment at the end of each reporting date by evaluation of conditions and events specific to the organisation that may be indicative of impairment triggers. The recoverable amount of the relevant assets is reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements –provision for impairment of receivables:

A provision for impairment of trade receivables is established where there is evidence that the debts will not be collectible. Delinquency in payments (more than 60 days) is considered an indicator that the trade receivable is impaired. The directors do not believe the full amount of the trade receivables will be recoverable and accordingly, an impairment provision has been made at 30 June 2010.

(r) Early adoption of standards

The organisation has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2009:

AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project.

There was no impact on the current or prior year financial statements.

(s) Financial statement presentation

The revised AASB101 Presentation of Financial Statements which became effective from 1 January 2009 has been applied. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2: REVENUE	Notes	VCS 2009/10 \$	VCCR 2009/10 \$	NHVPR 2009/10 \$	Total 2009/10 \$	VCS 2008/9 \$	VCCR 2008/9 \$	NHVPR 2008/9 \$	Total 2008/9 \$
REVENUE FROM OPERATING ACTIVITIES									
Government grants									
Department of Health		10,059,655	1,131,094	-	11,190,749	9,767,111	1,486,791	-	11,253,902
Department of Health & Ageing		-	-	4,412,820	4,412,820	-	-	5,610,551	5,610,551
Indirect contributions by Department of Human Services	3	6,004	-	-	6,004	4,003	-	-	4,003
Patient fees		1,106,474	-	-	1,106,474	1,156,341	-	-	1,156,341
Other revenue from operating activities		53,096	1,376	-	54,472	146,512	28,939	2,513	177,964
		11,225,229	1,132,470	4,412,820	16,770,519	11,073,967	1,515,730	5,613,064	18,202,761
Transfer unexpended grants									
Operating funding transferred from prior year		8,257	257,822	-	266,079	-	-	396,078	396,078
Operating funding transferred to following year		-	-	-	-	(8,257)	(406,105)	(317,427)	(731,789)
		11,233,486	1,390,292	4,412,820	17,036,598	11,065,710	1,109,625	5,691,715	17,867,050
REVENUE FROM NON OPERATING ACTIVITIES									
Bank interest		408,985	81,438	2,758	493,181	448,800	98,991	4,569	552,360
Profit on sale of non current assets		49,504	-	-	49,504	34,211	3,514	-	37,725
		458,489	81,438	2,758	542,685	483,011	102,505	4,569	590,085
REVENUE FROM CAPITAL PURPOSE INCOME									
Department of Health		426,445	-	-	426,445	409,000	-	-	409,000
Department of Health & Ageing		-	-	-	-	-	-	1,564,980	1,564,980
		426,445	-	-	426,445	409,000	-	1,564,980	1,973,980
Transfer unexpended grants									
Capital funding transferred from prior year		251,587	-	-	251,587	101,719	29,000	612,150	742,869
Capital funding transferred to following year		(426,445)	-	-	(426,445)	(409,000)	-	-	(409,000)
		251,587	-	-	251,587	101,719	29,000	2,177,130	2,307,849
Total Revenue		11,943,562	1,471,730	4,415,578	17,830,870	11,650,440	1,241,130	7,873,414	20,764,984

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 3: INDIRECT CONTRIBUTIONS BY HUMAN SERVICES VICTORIA

The Department of Human Services makes certain payments on behalf of the Service. These amounts have been brought to account in determining the operating results for the year by recording them as revenue and expenses.

NOTE 4: EXPENSES	VCS 2009/10 \$	VCCR 2009/10 \$	NHVPR 2009/10 \$	Total 2009/10 \$	VCS 2008/9 \$	VCCR 2008/9 \$	NHVPR 2008/9 \$	Total 2008/9 \$
Wages and salaries	9,567,529	924,831	1,286,657	11,779,017	9,374,406	741,695	1,009,908	11,126,009
Operating and administration costs	1,409,899	358,779	1,937,161	3,705,839	1,354,970	297,505	2,393,400	4,045,875
Medical supplies	776,684	-	-	776,684	733,100	-	-	733,100
Depreciation and amortisation	419,872	62,652	1,248,917	1,731,441	381,278	56,768	559,438	997,484
Loss on sale of non current assets	23,681	-	-	23,681	7,944	443	-	8,387
	12,197,665	1,346,262	4,472,735	18,016,662	11,851,698	1,096,411	3,962,746	16,910,855

NOTE 5: AUDITOR'S REMUNERATION	2009/10 \$	2008/9 \$
Auditors remuneration - auditing the accounts	12,000	13,750

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	62,681	92,522
Deposits at call	3,134,911	6,999,415
	3,197,592	7,091,937

NOTE 7: TRADE AND OTHER RECEIVABLES

Current		
Trade debtors and accrued revenue	150,845	206,195
Provision for impairment of receivables	(9,308)	(9,277)
	141,537	196,918
Interest receivable	156,400	115,175
	297,937	312,093

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 8: INVENTORIES

	2009/10 \$	2008/9 \$
Medical and surgical supplies	83,115	77,720
	83,115	77,720

NOTE 9: OTHER CURRENT ASSETS

Prepayments	295,211	238,496
	295,211	238,496

NOTE 10: PLANT, EQUIPMENT & VEHICLES

Plant and equipment at cost	4,321,048	4,128,569
Accumulated depreciation	(3,056,102)	(2,832,558)
Written down value	1,264,946	1,296,011
Leasehold improvements at cost	896,461	145,798
Accumulated amortisation	(116,916)	(50,953)
Written down value	779,545	94,845
Vehicles at cost	453,038	447,081
Accumulated depreciation	(96,466)	(130,985)
Written down value	356,572	316,096
Carrying amount at the end of the year	2,401,063	1,706,952

Movement in carrying amounts	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Total
Balance at the beginning of the year	1,296,011	316,096	94,845	1,706,952
Additions	525,888	251,601	750,663	1,528,152
Disposals	(23,681)	(98,696)	-	(122,377)
Depreciation	(533,272)	(112,429)	(65,963)	(711,664)
Carrying amount at the end of the year	1,264,946	356,572	779,545	2,401,063

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 11: INTANGIBLES

	2009/10 \$	2008/9 \$
Software and licences at cost	3,499,247	3,096,621
Accumulated amortisation	(1,597,231)	(600,010)
Carrying amount at the end of the year	1,902,016	2,496,611

Movement in carrying amounts	Software	Licences	Total
Balance at the beginning of the year	2,401,265	95,346	2,496,611
Additions	421,392	3,790	425,182
Amortisation	(983,614)	(36,163)	(1,019,777)
Carrying amount at the end of the year	1,839,043	62,973	1,902,016

NOTE 12: UNEXPECTED GRANTS

	2009/10 \$	2008/9 \$
Capital funding transferred to following year	762,089	587,231
Operating funding transferred to following year	566,710	832,789
	1,328,799	1,420,020

NOTE 13: PAYABLES

Current	653,696	447,101
Trade creditors	948,206	1,161,915
Other creditors	1,601,902	1,609,016

NOTE 14: PROVISIONS

EMPLOYEE BENEFITS

Current

Provision for annual leave - short term	832,997	770,564
Provision for annual leave - long term	308,836	295,221
Provision for long service leave	1,349,767	1,170,792
Provision for sabbatical leave	125,843	125,843
	2,617,443	2,362,420

Non-Current

Provision for long service leave	570,959	484,600
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Employee numbers

Average number of employees during the financial year	144	144
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15: EQUITY

Details of equity

Retained surplus

The retained surplus represents the funds of the association that are not designated for particular purposes.

Designated funds reserve

The capital funds represent the capital funding received to cover the cost of developing the NHVPR register, the major component being the HVRIS information system. The amortisation of HVRIS will be allocated against the capital funds over the expected life of the system.

NOTE 16: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The organisation's financial instruments consist mainly of deposits with banks, accounts receivables and payables. The organisation did not have any derivative instruments at 30 June 2010.

(i) Treasury Risk Management

An Audit Committee consisting of Board of Governance members meet on a quarterly

basis to analyse financial risk exposure and to confirm that the organisation is complying with Financial Risk Management Policies.

The committee's overall risk management strategy seeks to assist the organisation in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Audit Committee operates under policies approved by the Board. Risk management policies are approved and reviewed by the committee on a regular basis. These include the use of fraud prevention policies and future cash flow requirements.

(ii) Financial Risk Exposures and Management

The main risks the organisation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

All investments of the organisation are with Westpac Banking Corporation.

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognised financial assets, is the carrying amount, net of any provisions for impairment of those

assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2010.

Credit risk is managed and reviewed regularly by the Audit Committee. It arises from exposure to customers and deposits with financial institutions.

The Audit Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "AA" rating are utilised;
- all potential members are rated for credit worthiness taking into account their particular circumstances and financial standing; and

At year end the organisation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the organisation.

The organisation's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table.

Ageing analysis of Financial Assets as at 30 June 2010

	Carrying amount \$	Not Past Due and Not Impaired \$	Past Due But Not Impaired				Impaired Financial Assets \$
			Less than 1 month \$	1 -3 months \$	3 months to 1 year \$	1-5 years \$	
2010							
Financial Assets							
Cash & cash equivalents	3,197,592	3,197,592	-	-	-	-	-
Trade receivables	141,537	122,574	-	18,963	-	-	-
Other receivables	156,400	156,400	-	-	-	-	-
Term Deposits	8,480,167	8,480,167	-	-	-	-	-
Total Financial Assets	11,975,696	11,956,733	-	18,963	-	-	-
2009							
Financial Assets							
Cash & cash equivalents	7,091,937	7,091,937	-	-	-	-	-
Trade receivables	196,918	177,272	-	19,646	-	-	-
Other receivables	115,175	115,175	-	-	-	-	-
Term Deposits	4,676,037	4,676,037	-	-	-	-	-
Total Financial Assets	12,080,067	12,060,421	-	19,646	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(c) Liquidity risk

The organisation manages liquidity risk by monitoring forecast cash flows. The following table discloses the contracted maturity analysis for the organisation's financial liabilities.

Maturity analysis of Financial Liabilities as at 30 June 2010

	Carrying amount \$	Contractual Cash Flows \$	Maturity dates			
			Less than 1 month \$	1 -3 months \$	3 months to 1 year \$	1-5 years \$
2010						
Financial Liabilities						
Payables	653,696	653,696	13,090	640,606	-	-
Other	948,206	948,206	-	948,206	-	-
Total Financial Liabilities	1,601,902	1,601,902	13,090	1,588,812	-	-
2009						
Financial Liabilities						
Payables	447,101	447,101	-	447,101	-	-
Other	1,161,915	1,161,915	-	1,161,915	-	-
Total Financial Liabilities	1,609,016	1,609,016	-	1,609,016	-	-

(d) Market risk

The organisation's exposure's to market risk are primarily through interest rate risk.

Interest rate risk

All investments of the organisation are with Westpac Banking Corporation.

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June 2010

	Weighted Average Effective Interest Rate		Variable Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2010 %	2009 %	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets										
Cash & cash equivalents	4.3	4.5	3,197,592	7,091,937	-	-	-	-	3,197,592	7,091,937
Trade & other receivables	-	-	-	-	-	-	297,937	312,093	297,937	312,093
Investments	6.0	6.9	-	-	8,480,167	4,676,037	-	-	8,480,167	4,676,037
Total Financial Assets			3,197,592	7,091,937	8,480,167	4,676,037	297,937	312,093	11,975,696	12,080,067
Financial Liabilities										
Trade creditors and accruals	-	-	-	-	-	-	1,601,902	1,609,016	1,601,902	1,609,016
Total Financial Liabilities	-	-	-	-	-	-	1,601,902	1,609,016	1,601,902	1,609,016
Net Financial Assets/(Liabilities)			3,197,592	7,091,937	8,480,167	4,676,037	(1,303,965)	(1,296,923)	10,373,794	10,471,051

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Sensitivity disclosure analysis

Interest rate risk

The organisation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2010 \$	2009 \$
Change in profit		
- Increase in interest rate by 1%	116,778	117,680
- Decrease in interest rate by 2%	(233,555)	(235,360)
Change in equity		
- Increase in interest rate by 1%	116,778	117,680
- Decrease in interest rate by 2%	(233,555)	(235,360)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign currency risk as the organisation is not exposed to foreign currency functions.

(e) Net Fair Values

The organisation has no listed investments at 30 June 2010.

The net fair value for other assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The organisation holds no financial assets where the carrying amount exceeds net fair values.

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

Fair values are materially in line with carrying values.

NOTE 17: SEGMENT REPORTING

The organisation operates in the health sector providing cytology and a registry service to the public within Victoria, in addition to a national registry for HPV vaccinations.

NOTE 18. ASSOCIATION DETAILS

The principal address of the business of the Association is:

Victorian Cytology Service Inc.

752 Swanston Street

Carlton South, Vic. 3053

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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 transactions that require disclosure for the year ended 30 June 2010.

The Directors did not receive any remuneration during the financial year ended 30 June 2010.

Key management personnel compensation	2009/10 \$	2008/9 \$
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of Victorian Cytology Service Inc.		
Short term employee benefits	1,083,812	885,072
Post-employment benefits	75,523	52,843
	1,159,335	937,915

NOTE 20: DEFINED BENEFITS SCHEME

The organisation contributes to a Defined Benefit Scheme maintained by Health Super Fund and has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations may arise should the experience of the Fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

The trustee of the Scheme has determined that the notional shortfall of net assets attributable to the staff who are members of the scheme for the year ended 30 June 2010 total \$(32,231). The Fund's actuary has advised that despite the shortfall the contributions will remain unchanged for the current year.

NOTE 21: COMMITMENTS

	2009/10 \$	2008/9 \$
Lease commitments		
The organisation has leased office premises under a non-cancellable operating lease expiring within five years with renewal rights. On renewal, the terms of the lease will be renegotiated.		
Commitment in relation to the lease contracted for at the reporting date but not recognised as a liability, payable:		
Within one year	92,426	107,356
Later than one year but not later than five years	-	92,426
	92,426	199,782

NOTE 22: CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2010.

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred since reporting date.

AGENCY CERTIFICATION



Victorian Cytology Service

Victorian Cytology Service
Incorporated ABN 35 430 554 780
PO Box 178, Carlton South,
Victoria 3053 Australia
Telephone: +61 3 9250 0300
Facsimile: +61 3 9349 1949
Director: Marion Saville MBOh,
An Bd (Anat Path & Cytopath), FIAC,
Grad Dip Med (Clin Epi).
www.vcs.org.au

Organisation certification

Annual certification

We certify that Victorian Cytology Service Inc has complied with the terms and conditions of their service agreement with the department(s)*.

We certify that Victorian Cytology Service Inc has used funding received from the department(s) for the year ended **30 June 2010** on the services specified in the service agreement.

We certify that Victorian Cytology Service Inc is financially viable and can continue to provide services on behalf of the department(s).

We certify that Victorian Cytology Service Inc is required to produce an audited financial report and has adhered to the relevant incorporation governing legislation in respect of financial account preparation and lodgement and any other requirements as specified by the relevant governing legislation.

Dr Jane Collins
Chairperson

Mr. Mark Van Zuylekom
Director – Corporate Services

Date: 15/11/10

Date: 19/11/10

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIAN CYTOLOGY SERVICE INC.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Victorian Cytology Service Inc. for the year ended 30 June 2010 included on the Association's web site. The Association's directors are responsible for the integrity of the Association's web site. We have not been engaged to report on the integrity of the Association's web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Report on the Financial Report

We have audited the accompanying financial report of Victorian Cytology Service Inc. which comprises the balance sheet as at 30 June 2010 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and explanatory notes to the accounts.

Directors' Responsibility for the Financial Report

The directors of the association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (Vic) 1981. This responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 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.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

The financial report of Victorian Cytology Service Inc. is in accordance with the Associations Incorporation Act (Vic) 1981 including:

- giving a true and fair view of the Association's financial position as at 30 June 2010 and of its performance and its cash flows for the year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (Vic) 1981.

WHK Horwath Melbourne

Address: Melbourne

Margaret D. Crossley

Dated this 19 day of November 2010

Member Crowe Horwath International

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