

VICTORIAN DEAF SOCIETY

(ACN 004 058 084)

A COMPANY LIMITED BY GUARANTEE

Financial Statements 2011/2012

Directors' Report

The Directors of Victorian Deaf Society (a Company Limited by Guarantee) submit herewith the financial statements for the year ended 30 June 2012 and report as follows.

Members of the Board and Company Secretary at any time during or since the end of the year, details of Committee membership or other directorships held are:

Mr R.E.M. (Mac) Adam OAM – President – Victorian Deaf Society. Director, Bible Society of Australia (Auslan Translation Project). Member – Finance, and Audit, Planning and Performance and Nominations and Remuneration Committees. Appointed July 1990.

Ms R M (Rebecca) Adam – B.Comm, LLB, Business Manager, IBM, Member – Finance & Audit Committee, Chair - Nominations and Remuneration Committee. Appointed February 2006.

Mr J G (John) Ferraro - B Science, B Orthoptics, Post Grad Dip Health Services Mgt, Master of Health Admin, Chair – Banyule Community Health Service, Member - Finance & Audit Committee, Member Investment Sub-Committee, Appointed February 2011.

Mr K G (Garry) Fowler – FCA, FAICD. Treasurer – Victorian Deaf Society, Chartered Accountant and Company Director; Retired partner of Ernst & Young. Chair – Finance & Audit Committee. Chair – Investment Sub-Committee. Member – Nominations and Remuneration Committee. Appointed in March 2009.

Mr R J (Richard) Kennedy – MBBS (Melb.),FRACS. Visiting Medical Officer - Mercy Private Hospital, Goulburn Valley Health, Royal Victorian Eye and Ear Hospital, Cochlear Implant Clinic and St. Vincent's Hospital. Chair - Planning and Performance Committee. Appointed April 2008.

Mr D J (Dean) Matthews – FAICD B Computer Science, Grad Dip of Mgt, Adv Mgt Program – Harvard, Chief Information Officer - Fosters Group Limited, Member – Nominations and Remuneration Committee, Member – Major Gifts Group. Appointed February 2011.

Mr S J (Sam) Patterson – LLB/BSc, Communications Director, Cancer Council Victoria, Chair – Fundraising and Relationships Taskforce, Chair Major Gifts Group. Appointed March 2009.

Dr M T (Therese) Pierce – Ph.D (Special Educ.Admin.), M.A. (Mental Health Counselling), G.D.S.E.(Deaf Education); Dip.Ed, B.App.Science, Graduate Diploma in Deaf Studies (Language); Liaison Principal – Dept of Education and Early Childhood Development, Western Metropolitan Region, AAD Expert Group (Education). Member – Fundraising and Relationships Taskforce. Member - Planning and Performance Committee. Appointed October 2001.

Mr G W (Gary) Hunt – B Ec (Accounting), Company Secretary, Appointed February 2011.

Meetings of Directors

During the financial year, 38 scheduled meetings of directors (including committees) were held. Attendances were:

Board Member Attendance at Meetings 2011/2012

	Board	Finance & Audit Committee	Fundraising & Relationships Taskforce	Nominations & Remuneration Committee	Investment Sub-Committee	Planning and Performance Committee	Major Gifts Group
M Adam	9/9	5/6	-	2/2	-	3/3	-
R Adam	8/9	4/6	-	2/2	-	-	-
J Ferraro	7/9	5/6	-	-	5/5	-	-
G Fowler	8/9	6/6	-	2/2	5/5	-	-
R Kennedy	9/9	-	-	-	-	3/3	-
D Matthews	6/9	-	-	1/2	-	-	5/10
S Patterson	7/9	-	3/3	-	-	-	10/10
T Pierce	9/9	-	2/3	-	-	2/3	-

The number of scheduled meetings of the board or relevant committee attended and the number of meetings for which the director was eligible to attend is shown above.

Company Objectives

The Society's short and long term objective is to provide access and equity to Deaf and hard of hearing people in the State of Victoria through the provision of a range of services.

Principal Activities

The principal activities of the Society are to provide a range of services for people in the State of Victoria who are Deaf or hard of hearing.

Company Performance

The Society measures its performance in achieving its objectives through its strategic planning process. The current strategic plan, in place for 2010 – 2015, documents priorities, objectives and outcomes of the Society and is reviewed annually in consultation with all key stakeholders.

Detailed key performance indicators are developed within departmental business plans and reported on to all stakeholders through the Society's annual report, and to the Board each month through an agreed set of key performance indicators. The KPIs include: type and frequency of contact, hours of service and comparison with service demand, level of compliance with performance contracts, staff sick leave, turnover and OHS data. A Board Planning and Performance Committee advises on progress in achievement of the Strategic Plan.

Operating Results

The net loss from ordinary activities was \$100,965. The previous year, there was a net profit of \$90,949.

Review of Operations

The Society has had a satisfactory year in a challenging market place as it enters the middle of its 2010-2015 strategic plan.

Client Services continues to deliver a state wide service with five case management offices operating three days a week around the state, in addition to our main office at East Melbourne.

SensWide, our employment service has maintained strong results with a 10% increase in services. Our interpreting service, SLC, has also performed strongly with a 10% growth resulting in increased access for our community. Auslan classes continue to be available with a 12% growth in services achieved this year. LOTE classes in Auslan have continued to be supported.

Our audiology business, hearservice, had a quieter year in 2011/2012 as the government withdrew funding for hearing aids in the workplace. Our business model has been reviewed to accommodate the contraction of the market to ensure the long term viability of the service for our clients.

Bequest income of \$412,000 was received during the year. In addition we received grants and donations targeted at delivering additional services in future years, including \$150,000 raised by Jason Akermanis on Celebrity Apprentice.

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Property income has remained strong with full tenancy throughout the year. The ground floor area at 340 Albert Street, East Melbourne has been converted by our Information Department into an Information Centre for the community as well as an accommodation for our new tenant, Deaf Victoria and our ongoing tenant Deaf Sports Australia.

The investment portfolio has performed well in a challenging market, exceeding our market related benchmarks. Our investment advisors, Evans and Partners, confirm the portfolio had a total return of 2.95% following on from a return of 9.45% the previous year.

Significant Changes in State of Affairs

During the financial year there was no significant change in the Society's state of affairs other than that referred to in the Directors' Report, accounts or notes thereto.

Significant Events after Balance Date

There were no significant events after balance date.

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$1 each towards meeting any outstandings and obligations of the group. At 30 June 2012 the number of members was 73. The combined total amount that members of the company are liable to contribute if the company is wound up is \$73.

Indemnifying Directors and Officers

The following persons have been insured under an insurance policy provided by the Victorian Department of Human Services against liabilities incurred in defending legal proceedings arising out of conduct while acting in the capacity of director or officer of the Society, other than conduct involving a wilful breach of duty in relation to the Society.

Directors: Mr R E M Adam OAM, Ms R M Adam, Mr J G Ferraro, Mr K G Fowler, Mr R Kennedy, Mr D J Matthews, Mr S Patterson, Dr M T Pierce.

Executives: Mr G Balharrie, Ms G Bertsch, Mr M G Curtis, Ms K A Fraser, Mr G W Hunt, Mr G C Kelly, Mr A Lyall, Mr D A Oliver, Mr B J Phillips, Ms M Trentini.

Likely Developments and Expected Results

The Society is budgeting a deficit again in 2012/2013 as we continue to invest in services for the community in line with the 2010-2015 strategic plan. We start a new three year service agreement with DHS in July 2012 and are retendering for Department of Education, Employment and Workplace Relations employment contracts for our employment service SensWide.

We will welcome a new CEO in September 2012 with Christine Mathieson, formerly of DHS as Director of Disability, joining Vicdeaf. She will be replacing Graeme Kelly who resigned in June 2012 after five years with Vicdeaf. We thank Graeme for his dedicated service over that time.

Directors' Emoluments

No Member of the Board since the end of the previous financial year has received or become entitled to receive a benefit as consideration for their role as a Director of Victorian Deaf Society. Contracts may be made by the Society with a Board Member, or with a firm of which a Board Member is a member, or with a company in which the Board Member has a substantial financial interest, to supply goods or provide services in the normal course of business. Such transactions are to be on normal commercial terms and conditions no more favourable to those available to other parties. Any such transactions are detailed in Note 18 of the notes to the financial statements.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the entity.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



R E M ADAM
President



K G FOWLER
Treasurer

Dated: 28th August 2012



PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

VICTORIAN DEAF SOCIETY LTD

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF VICTORIAN DEAF SOCIETY LTD

In relation to the independent audit for the year ended 30 June 2012, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.

M J Harrison

Partner

PITCHER PARTNERS

Melbourne

Dated: 5 September 2012

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
Revenue	2	9,964,640	10,251,959
Expenses			
Community Support		(1,909,167)	(1,832,878)
Information		(486,729)	(514,567)
Interpreting		(1,583,907)	(1,439,496)
Auslan Training		(143,981)	(139,074)
Employment Services		(1,577,571)	(1,483,037)
Audiology & Rehabilitation		(1,949,548)	(2,379,575)
Fundraising & Marketing		(205,609)	(246,075)
Central Administration		(1,188,686)	(1,102,347)
Special Projects		(106,260)	(278,395)
Provision for Special Projects		(209,678)	
Property		(665,661)	(705,652)
Investment Expenses		(38,808)	(39,914)
		(10,065,605)	(10,161,010)
Profit/(Loss) from continuing operations	2,3	(100,965)	90,949
Profit/(Loss) for the year	14(b)	(100,965)	90,949
Other Comprehensive Income			
Movement from restatement to fair value of investments		(192,472)	163,581
Total comprehensive income/(loss) for the year		(293,437)	254,530

The accompanying notes form part of these financial statements

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 2012

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	4	609,760	314,074
Receivables	5	437,624	617,324
Inventories	6	48,019	44,431
Available for sale financial assets	7	7,027,639	6,892,786
Other financial assets held in trust	8	8,862	20,101
Other current assets	9	33,164	84,654
TOTAL CURRENT ASSETS		8,165,068	7,973,370
NON-CURRENT ASSETS			
Property, plant and equipment	10	8,683,458	9,149,533
TOTAL NON-CURRENT ASSETS		8,683,458	9,149,533
TOTAL ASSETS		16,848,526	17,122,903
CURRENT LIABILITIES			
Payables	11	661,498	750,688
Payables – trust	12	8,862	20,101
Provisions	13	1,159,469	1,010,254
TOTAL CURRENT LIABILITIES		1,829,829	1,781,043
NON-CURRENT LIABILITIES			
Provisions	13	666,943	696,669
TOTAL NON-CURRENT LIABILITIES		666,943	696,669
TOTAL LIABILITIES		2,496,772	2,477,712
NET ASSETS		14,351,754	14,645,191
EQUITY			
Fair Value Reserve	14(a)	159,171	351,643
Development Reserve	14(b)	200,000	
Retained Earnings	14(c)	13,992,583	14,293,548
TOTAL EQUITY		14,351,754	14,645,191

The accompanying notes form part of these financial statements.

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Reserves	Retained Earnings	Total Equity
	\$	\$	\$
Balance as at 30 June 2010	188,062	14,202,599	14,390,661
Profit for the year	-	90,949	90,949
Changes in fair value of an available-for-sale financial asset, net of tax	163,581	-	163,581
Total comprehensive income for the year	163,581	90,949	254,530
Balance as at 30 June 2011	351,643	14,293,548	14,645,191
Loss for the year	-	(100,965)	(100,965)
Changes in fair value of an available-for-sale financial asset, net of tax	(192,472)	-	(192,472)
Total comprehensive income for the year	(192,472)	(100,965)	(293,437)
Transfer to Reserve	200,000	(200,000)	-
Balance as at 30 June 2012	359,171	13,992,583	14,351,754

The accompanying notes form part of these financial statements.

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012	2011
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government and customers		9,597,976	10,126,845
Payments to suppliers and employees		(10,079,357)	(10,339,674)
Interest received		132,152	157,637
Dividends and distributions received		394,178	222,917
Donations, bequests and fundraising		773,138	326,360
Net cash provided by operating activities		818,087	494,085
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		122,665	120,551
Proceeds from sale of investments		1,842,873	2,231,751
Payment for property, plant & equipment		(307,539)	(608,510)
Payment for investments		(2,180,400)	(2,016,693)
Net cash used in investing activities		(522,401)	(272,901)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash provided/(used in) by financing activities		-	-
Net increase/(decrease) in cash held		295,686	221,184
Cash at the beginning of the financial year		314,074	92,890
Cash at the end of the financial year	15(a)	609,760	314,074

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report was approved by the directors as at the date of the directors' report.

The financial report covers Victorian Deaf Society as an individual entity. Victorian Deaf Society is a company limited by guarantee, incorporated and domiciled in Australia.

The following is a summary of material accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

Summary of the significant accounting policies:

(b) Revenue Recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Government grants received that relate to specific assets or expenses are recognised when the Society obtains control of the contribution or the right to receive the contribution.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

(c) Inventories

Finished goods are carried at the lower of cost and net realisable value. Net realisable value is based on normal selling patterns.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment

Cost and valuation

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed for impairment annually by directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Depreciation

Land is not depreciated. The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

	2012	2011
Buildings:	33 years	33 years
Plant and equipment:	2 to 10 years	2 to 10 years

(e) Leases

Leases are classified as operating leases where the lessor retains substantially all of the risks and benefits of ownership. Minimum lease payments are charged against profits over the accounting periods covered by the lease terms.

(f) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use. Fair value is based on deemed depreciable replacement cost.

(g) Taxes

The income of the company is considered to be tax exempt under section 50-5 of the Income Tax Assessment Act 1997. Therefore, no provision for tax is required.

(h) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(i) Provisions

Provision is made for the company's liability to provide interpreting services to Lake Park Aged Care Facility as per the contract of sale. Liabilities within one year have been provided for at their nominal amount. Liabilities greater than one year have been measured at the present value of the estimated future cash outflows to be made for interpreting needs.

Other provisions are recognised where there is a constructive obligation as a result of a passed event and a reliable estimate can be made of the obligation.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial Instruments

Classification

The group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Available-for-Sale

Available for sale financial assets include interests in listed and unlisted securities that are not held for trade or short term profit making, and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss. Any impairment loss arising in relation to "available-for-sale" financial assets is recognised directly in profit and loss for the period.

Financial Liabilities

Financial liabilities include trade payables and other creditors.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(k) Comparatives

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

(l) Critical Accounting Estimates and Judgements

Estimates and judgements are based on past performance and management's expectation for the future. The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

Key Estimates - Provision for interpreting

The Society has an obligation to provide interpreting services to Lake Park Aged Care Facility (refer Note 1 (j)), an estimate has been made of the future service requirements due under the contract.

Key Judgements - Impairment of Investments

Where investments have market value less than cost, the Society considers whether these investments are impaired and subsequently if a loss is to be recognised in the profit and loss (as opposed to the Investment revaluation reserve). The Board and Finance and Audit Committee have a process in place to undertake reviews of the investment portfolio with the investment manager, Evans & Partners. The determination of impairment includes consideration of pricing movements, and the underlying characteristics of the investments.

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Notes to the Financial Statements

2. TOTAL INCOME

	2012	2011
	\$	\$
Continuing operations		
Grants and fundraising		
Federal Government Grants	2,076,037	1,981,721
State Government Operating Grants	2,903,515	2,817,871
Donations, bequests and fundraising	773,138	326,360
	5,752,690	5,125,952
Revenue		
Accommodation fees	46,295	46,588
Income from sale of goods	1,161,147	2,114,001
Income from services	1,829,158	1,664,634
Rent	703,247	740,559
Interest income	143,422	160,202
Dividend and distribution income	331,960	320,429
Sundry income	5,848	7,099
	4,221,077	5,053,512
Gains		
Profit from sale of assets	1,074	(207)
Profit/(Loss) from sale of investments	(10,201)	72,702
	(9,127)	72,495
Total income from continuing activities	9,964,640	10,251,959

3. PROFIT FOR THE YEAR

Profit/(Losses) from continuing operations have been determined after the following specific expenses;

Depreciation of non-current assets		
- property	292,056	292,056
- plant and equipment	359,968	305,454
Cost of sales of goods	551,562	999,432
Operating lease payments	267,481	243,307
Employee benefits	6,467,522	6,039,472

4. CASH

Cash at bank	603,410	307,724
Cash on hand	6,350	6,350
	609,760	314,074

5. RECEIVABLES

Current		
Trade debtors	200,220	249,459
Impairment loss	(8,000)	(8,000)
	192,220	241,459
Other receivables	245,404	375,865
	437,624	617,324

Trade receivables aging analysis as at 30 June is:

	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011
	\$	\$	\$	\$
Not past due	141,537	-	173,783	-
Past due 31-60 days	14,866	-	35,368	-
Past due 61-90 days	25,429	-	26,263	-
Past due more than 91 days	18,387	(8,000)	14,045	(8,000)
	200,219	(8,000)	249,459	(8,000)

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Notes to the Financial Statements

6. INVENTORIES

	2012	2011
	\$	\$
Finished Goods	48,019	44,431

7. AVAILABLE FOR SALE FINANCIAL ASSETS

Current

Deposits	778,587	933,977
Income Securities	2,947,366	2,186,574
Property Trusts	86,240	192,770
Ordinary Shares	3,215,446	3,579,465
	7,027,639	6,892,786

8. FINANCIAL ASSETS HELD IN TRUST

Current

Deposits	8,862	20,101
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9. OTHER ASSETS

Prepayments	33,164	84,654
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10. PROPERTY PLANT AND EQUIPMENT

Freehold land at cost	1,455,000	1,455,000
Buildings and improvements at cost	8,636,860	8,636,860
Accumulated depreciation	(2,371,187)	(2,079,131)
	6,265,673	6,557,729
Total land and buildings	7,720,673	8,012,729
Plant and equipment at cost	2,348,979	2,419,686
Accumulated depreciation	(1,386,194)	(1,282,882)
	962,785	1,136,804
Total Property, Plant and Equipment	8,683,458	9,149,533

(a) Valuation of land and buildings

The directors believe that the carrying value of land and buildings at 340 Albert Street, carried at cost, is not greater than market value. A valuation was undertaken in June 2011 to confirm the directors' view.

(b) Reconciliations

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold land and buildings	Plant and Equipment	Total
	\$	\$	\$
2012			
Balance at the beginning of the year	8,012,729	1,136,804	9,149,533
Additions	-	307,539	307,539
Disposals	-	(121,590)	(121,590)
Depreciation expense	(292,056)	(359,968)	(652,024)
Carrying amount at the end of the year	7,720,673	962,785	8,683,458
2011			
Balance at the beginning of the year	8,304,785	954,506	9,259,291
Additions	-	608,510	608,510
Disposals	-	(120,758)	(120,758)
Depreciation expense	(292,056)	(305,454)	(597,510)
Carrying amount at the end of the year	8,012,729	1,136,804	9,149,533

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

Notes to the Financial Statements

11. PAYABLES - GENERAL

	2012	2011
	\$	\$
Current		
Trade creditors	189,906	272,920
Accrued expenses	324,250	289,979
Income received in advance	147,342	187,789
	661,498	750,688

12. PAYABLES – TRUST

Clients' trust funds	8,862	20,101
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13. PROVISIONS

Current

Employee benefits	795,750	764,651
Interpreting - Regis	60,000	60,000
Special Projects	303,719	185,603
	1,159,469	1,010,254

Non-current

Employee entitlements	73,370	77,475
Interpreting - Regis	593,573	619,194
	666,943	696,669
(a) Aggregate employee entitlement liability	869,120	842,126
(b) Number of employees at year end (full time equivalent)	80	84

Movement in provision other than employee benefit

Interpreting - Regis

Carrying amount at the beginning of the year	679,194	727,275
Amounts used	(25,621)	(48,081)
Carrying amount at the end of the year	653,573	679,194

Special Projects

Carrying amount at the beginning of the year	185,603	253,439
Additional provisions recognised	256,178	40,000
Amounts used	(138,062)	(107,836)
Carrying amount at the end of the year	303,719	185,603

Interpreting and Special Projects provisions are for obligations under existing expenditure programs.

14. RESERVES AND RETAINED EARNINGS

Fair value reserve	14(a)	159,171	351,643
Development Reserve	14(b)	200,000	-
Retained Earnings	14(c)	13,992,583	14,293,548

(a) Fair Value Reserve

(i) Nature and purpose of reserve

The investment revaluation reserve is used to record unrealised (losses)/gains in investments

(ii) Movements in reserve

Balance at beginning of year	351,643	188,062
Movement during the year	(192,472)	163,581
Balance at the end of year	159,171	351,643

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

Notes to the Financial Statements

14. RESERVES AND RETAINED EARNINGS (cont'd)

	2012	2011
	\$	\$
(b) Development Reserve		
(i) Nature and purpose of reserve		
The development reserve is used to fund future initiatives out of prior year retained earnings.		
Balance at the beginning of the year	-	-
Transfer from Retained Earnings during the year	200,000	-
Balance at the end of the year	200,000	-
(c) Retained Earnings		
Retained earnings at the beginning of the year	14,293,548	14,202,599
Net (loss)/profit	(100,965)	90,949
Transfer to Development Reserve	(200,000)	-
Retained earnings at the end of the financial year	13,992,583	14,293,548

15. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2012	2011
	\$	\$
Cash at bank	603,410	307,724
Cash on hand	6,350	6,350
	609,760	314,074

(b) Financing facilities available

At balance date, the following financing facilities had been negotiated and were available

Total facilities		
- bank overdraft	-	20,000
Facilities used at balance date		
- bank overdraft	-	-
Facilities un-used at balance date		
- bank overdraft	-	20,000

(c) Capital Management

The Board through the Finance & Audit Committee controls the capital of the entity to ensure adequate cash flows are generated to fund its programs and ensure adequacy of reserves. The Finance & Audit Committee ensures that the overall risk management strategy is in line with this objective.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments as lessee

Commitments for non-cancellable operating leases are payable as follows:

Payable		
- not later than one year	203,316	192,583
- later than one year and not later than five years	319,993	84,225
	523,309	276,808

The non-cancellable leases are for rental premises at various sites. All rents are payable monthly in advance.

Notes to the Financial Statements

16. CAPITAL AND LEASING COMMITMENTS (cont'd)

(b) Operating lease commitments as lessor
Commitments for non-cancellable operating leases are receivable as follows:

	2012	2011
Receivable	\$	\$
- not later than one year	409,078	426,283
- later than one year and not later than five years	938,070	1,375,717
- later than five years	184,115	190,559
	<u>1,531,263</u>	<u>1,992,559</u>

The non-cancellable leases are for rental premises at 340 Albert Street, East Melbourne. This property is identified in Note 10.

(c) Capital commitments

The Society has no capital commitments at the 30th June 2012

17. AUDITORS' REMUNERATION

	2012	2011
Remuneration of the auditor for:	\$	\$
- an audit of the financial report	23,540	22,000
- other services in relation to the entity	25,000	9,000
	<u>48,540</u>	<u>31,000</u>

Other services to the auditor were in relation to quarterly transaction reviews in 2011 and for the practice management system selection project in 2012.

18. RELATED PARTY DISCLOSURES

The Directors of the Victorian Deaf Society during the financial year were

R E M Adam	R J Kennedy
R M Adam	D J Matthews
J G Ferraro	S J Patterson
K G Fowler	M T Pierce

No remuneration was paid or is payable to directors during the year.

19. KEY MANAGEMENT PERSONNEL COMPENSATION

	2012	2011
Compensation	\$	\$
	1,124,918	976,201

20. EVENTS OCCURRING AFTER REPORTING DATE

There were no significant events after reporting date.

21. MEMBERS' FUND

The company is limited by guarantee. If the company is wound up, the constitution states that each of the members is required to contribute a maximum of \$1 towards meeting any of the outstanding obligations of the company. At 30 June 2012, the number of members (including Life Governors) was 73 (2011 - 77).

22 ECONOMIC DEPENDENCY

The company depends for a significant amount of revenue on grants provided by the Federal and Victorian State Governments. During the year ended 30 June 2012, approximately 50% or \$4,979,552 (2011 - 47% or \$4,799,592) of the company's revenue was sourced from the Federal and Victorian State Governments.

Notes to the Financial Statements

23. EMPLOYEE BENEFITS

Defined Benefit Plan

The company participated in an employer-sponsored defined benefit superannuation plan for two staff members during the year. The benefits provided by this plan are based on length of service of the members at retirement.

Employees contribute various percentages of their gross income and the company also contributes at the rate of more than the employee's contribution based upon actuarial advice. As at 30 June 2011, the fund had notional excess assets of \$12,255. The Fund Trustee is yet to determine the position for 30 June 2012; Victorian Deaf Society could be liable for any shortfall.

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 19, are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and performance for the financial year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



R E M ADAM
President



K G FOWLER.....
Treasurer

Dated at East Melbourne this 28th day of August 2012

**VICTORIAN DEAF SOCIETY LTD
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF VICTORIAN DEAF SOCIETY LTD**

We have audited the accompanying financial report of Victorian Deaf Society Ltd. which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the *Corporations Act 2001*.

Opinion

In our opinion, the financial report of Victorian Deaf Society Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.


M J Harrison

Partner

Date 5 September 2012


PITCHER PARTNERS
Melbourne