

VICTORIAN DEAF SOCIETY

(ACN 004 058 084)

A COMPANY LIMITED BY GUARANTEE

Financial Statements 2012/2013

Directors' Report

The Directors of Victorian Deaf Society (a Company Limited by Guarantee) submit herewith the financial statements for the year ended 30 June 2013 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. Member – Finance, and Audit Committee, Member - Planning and Performance Committee, Member - Nominations and Remuneration Committee and Member – Accommodation Taskforce. 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 (Resigned December 2012).

Mr J G (John) Ferraro - B Science, B Orthoptics, Post Grad Dip Health Services Mgt, Master of Health Admin, Associate Program Director, Emergency and General Medicine – Eastern Health, Member - Finance & Audit Committee, Member Investment Sub-Committee, Member, Accommodation Taskforce. Appointed February 2011.

Ms H (Hilary) Fisher – Masters Applied Commerce (Marketing), B Arts (Politics/Linguistics), Dip. Creative Arts, Senior Communications Advisor, Department of Health, Appointed June 2013

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. Chair – Accommodation Taskforce. 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. Member – Accommodation Taskforce. Appointed April 2008.

Mr D J (Dean) Matthews – FAICD, BComSc, GradDipMgt, Advanced Mgt Program – Harvard Business School. Chief Information Officer - SABMiller Asia Pacific and Carlton United Breweries, Member – Nominations and Remuneration Committee, Member – Major Gifts Group. Appointed February 2011.

Ms W K (Wendy) Miller – LLB (Hons), B Arts, Senior Associate - Herbert Geer, Member - Finance & Audit Committee. Appointed July 2013.

Mr S J (Sam) Patterson – LLB/BSc, Communications Manager, The Alannah and Madeline Foundation, 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, 31 scheduled meetings of directors (including committees) were held. Attendances were:

Board Member Attendance at Meetings 2012/2013

	Board	Finance & Audit Committee	Fundraising & Relationships Taskforce	Nominations & Remuneration Committee	Investment Sub-Committee	Planning and Performance Committee	Major Gifts Group	Accommodation Taskforce
M Adam	8/9	4/5	-	1/1	-	1/3	-	1/2
R Adam	3/4	0/2	-	1/1	-	-	-	-
J Ferraro	6/9	4/5	-	-	5/6	-	-	1/2
H Fisher	1/1	-	-	-	-	-	-	-
G Fowler	9/9	5/5	-	1/1	6/6	-	-	2/2
R Kennedy	8/9	-	-	-	-	3/3	-	2/2
D Matthews	3/9	-	-	0/1	-	-	2/2	-
S Patterson	7/9	-	3/3	-	-	-	1/2	-
T Pierce	7/9	-	3/3	-	-	3/3	-	-

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 personal 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 \$55,685. The previous year, there was a net loss of \$100,965.

Review of Operations

The Society had a challenging year with a loss of \$308,644 before taking into account the profits on sale of investments of \$252,959; this resulted in an overall loss for the year of \$55,685 as noted in our operating results above.

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 its level of services as it enters a new contract period with Department of Education, Employment and Workplace Relations commencing March 2013. Our interpreting service, SLC, has also performed strongly maintaining its service levels for our community. Auslan classes continue to be available with a 9% growth in services achieved this year.

Our audiology business, hearservice, had an improved year in 2012/2013 with 12% growth in service levels over the previous year.

Our fundraising activities were down this year with only minor bequest income received. We continue to perform well with grant income which is able to be directed to additional projects that we would not otherwise be able to achieve.

Property income has remained strong with near full tenancy throughout the year.

The investment portfolio has performed very well over the year, exceeding our market related benchmarks. Our investment advisors, Evans and Partners, confirm the portfolio had a total return of 20.51% following on from a return of 2.95% 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 outstanding obligations of the group. At 30 June 2013 the number of members was 64. The combined total amount that members of the company are liable to contribute if the company is wound up is \$64.

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, Ms H Fisher, Mr K G Fowler, Mr R Kennedy, Mr D J Matthews, Ms W K Miller, Mr S Patterson, Dr M T Pierce.

Executives: Ms G Bertsch, Mr M G Curtis, Ms K A Fraser, Mr M N Grounds, Mr G W Hunt, Mr A Lyall, Ms C A Mathieson, Mr D A Oliver, Mr B J Phillips, Ms M Trentini, Ms G M Victor.

Likely Developments and Expected Results

In 2013/2014, the Society is budgeting a deficit excluding bequest income and profits or losses on the sale of investments. In the medium term, the Society is looking to position itself to be breakeven before bequest income profits or losses on the sale of investments and be able to utilise bequest income for projects outside regular operational activities.

Vicdeaf's major focus in the next year will be to position itself for the implementation of Disability Care (formally NDIS) across the disability sector.

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 OAM
President



K G FOWLER
Treasurer

Dated: 27th August 2013

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 2013, 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



Melbourne

Dated: 28 August 2013

VICTORIAN DEAF SOCIETY (ACN 004 058 084)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
Revenue			
Government Grants		5,030,064	4,979,552
Accommodation Fees		45,235	46,295
Income from sale of goods and services		3,139,091	2,990,305
Property and Investment income		1,196,287	1,178,629
Donations, bequests and fundraising		250,283	773,138
Other income		9,467	5,848
Profit from sale of assets		2,901	1,074
Profit/(Loss) from sale of investments		252,959	(10,201)
	2	9,926,287	9,964,640
Expenses			
Community Support		(1,852,622)	(1,909,167)
Information		(474,191)	(486,729)
Interpreting		(1,584,411)	(1,583,907)
Auslan Training		(148,147)	(143,981)
Employment Services		(1,681,131)	(1,577,571)
Audiology & Rehabilitation		(1,862,945)	(1,949,548)
Fundraising & Marketing		(225,110)	(205,609)
Central Administration		(1,256,068)	(1,188,686)
Special Projects		(23,171)	(106,260)
Provision for Special Projects		(75,000)	(209,678)
Property		(753,216)	(665,661)
Investment Expenses		(45,960)	(38,808)
		(9,981,972)	(10,065,605)
Profit/(Loss) from continuing operations	2,3	(55,685)	(100,965)
Profit/(Loss) for the year	14(b)	(55,685)	(100,965)
Other Comprehensive Income			
Movement from restatement to fair value of investments		677,836	(192,472)
Total comprehensive income/(loss) for the year		622,151	(293,437)

The accompanying notes form part of these financial statements

VICTORIAN DEAF SOCIETY (ACN 004 058 084)**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 2013**

	Notes	2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	165,283	609,760
Receivables	5	598,008	437,624
Inventories	6	26,498	48,019
Available for sale financial assets	7	8,158,622	7,027,639
Other financial assets held in trust	8	10,840	8,862
Other current assets	9	54,440	33,164
TOTAL CURRENT ASSETS		9,013,691	8,165,068
NON-CURRENT ASSETS			
Property, plant and equipment	10	8,280,517	8,683,458
TOTAL NON-CURRENT ASSETS		8,280,517	8,683,458
TOTAL ASSETS		17,294,208	16,848,526
CURRENT LIABILITIES			
Payables	11	510,318	661,498
Payables – trust	12	10,840	8,862
Provisions	13	1,146,775	1,159,469
TOTAL CURRENT LIABILITIES		1,667,933	1,829,829
NON-CURRENT LIABILITIES			
Provisions	13	652,370	666,943
TOTAL NON-CURRENT LIABILITIES		652,370	666,943
TOTAL LIABILITIES		2,320,303	2,496,772
NET ASSETS		14,973,905	14,351,754
EQUITY			
Fair Value Reserve	14(a)	837,007	159,171
Development Reserve	14(b)	200,000	200,000
Retained Earnings	14(c)	13,936,898	13,992,583
TOTAL EQUITY		14,973,905	14,351,754

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 2013**

	Reserves	Retained Earnings	Total Equity
	\$	\$	\$
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
Loss for the year	-	(55,685)	(55,685)
Changes in fair value of an available-for-sale financial asset, net of tax	677,836	-	677,836
Total comprehensive income for the year	1,037,007	13,936,898	14,973,905
Transfer to Reserve	-	-	-
Balance as at 30 June 2013	1,037,007	13,936,898	14,973,905

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013	2012
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government and customers		9,402,775	9,597,976
Payments to suppliers and employees		(10,267,214)	(10,079,357)
Interest received		149,877	132,152
Dividends and distributions received		444,143	394,178
Donations, bequests and fundraising		250,283	773,138
Net cash provided by/(used in) operating activities		(20,136)	818,087
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		127,015	122,665
Proceeds from sale of investments		2,471,558	1,842,873
Payment for property, plant & equipment		(351,169)	(307,539)
Payment for investments		(2,671,745)	(2,180,400)
Net cash used in investing activities		(424,341)	(522,401)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		(444,477)	295,686
Cash at the beginning of the financial year		609,760	314,074
Cash at the end of the financial year	15(a)	165,283	609,760

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2013

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 of 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:

	2013	2012
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.

Notes to the Financial Statements

2. TOTAL INCOME

	2013 \$	2012 \$
Continuing operations		
Grants and fundraising		
Federal Government Grants	2,070,804	2,076,037
State Government Operating Grants	2,959,260	2,903,515
Donations, bequests and fundraising	250,283	773,138
	5,280,347	5,752,690
Revenue		
Accommodation fees	45,235	46,295
Income from sale of goods	1,305,581	1,161,147
Income from services	1,833,510	1,829,158
Rent	706,150	703,247
Interest income	134,789	143,422
Dividend and distribution income	355,348	331,960
Sundry income	9,467	5,848
	4,390,080	4,221,077
Gains		
Profit from sale of assets	2,901	1,074
Profit/(Loss) from sale of investments	252,959	(10,201)
	255,860	(9,127)
Total income from continuing activities	9,926,287	9,964,640

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	337,941	359,968
Cost of sales of goods	598,288	551,562
Operating lease payments	303,328	267,481
Employee benefits	6,527,235	6,467,522

4. CASH

Cash at bank	158,933	603,410
Cash on hand	6,350	6,350
	165,283	609,760

5. RECEIVABLES

Current

Trade debtors	328,843	200,220
Impairment loss	(8,000)	(8,000)
	320,843	192,220
Other receivables	277,165	245,404
	598,008	437,624

Trade receivables aging analysis as at 30 June is:

	Gross 2013 \$	Impairment 2013 \$	Gross 2012 \$	Impairment 2012 \$
Not past due	215,491	-	141,537	-
Past due 31-60 days	47,574	-	14,866	-
Past due 61-90 days	46,205	-	25,429	-
Past due more than 91 days	19,573	(8,000)	18,387	(8,000)
	328,843	(8,000)	200,219	(8,000)

Notes to the Financial Statements

6. INVENTORIES

	2013	2012
	\$	\$
Finished Goods	26,498	48,019

7. AVAILABLE FOR SALE FINANCIAL ASSETS

Current

Deposits	253,436	778,587
Income Securities	3,308,295	2,947,366
Property Trusts	214,393	86,240
Ordinary Shares	4,382,498	3,215,446
	8,158,622	7,027,639

8. FINANCIAL ASSETS HELD IN TRUST

Current

Deposits	10,840	8,862
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9. OTHER ASSETS

Prepayments	54,440	33,164
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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	(2,663,243)	(2,371,187)
	5,973,917	6,265,673
Total land and buildings	7,428,617	7,720,673
Plant and equipment at cost	2,423,425	2,348,979
Accumulated depreciation	(1,571,525)	(1,386,194)
	851,900	962,785
Total Property, Plant and Equipment	8,280,517	8,683,458

(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 November 2012 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
	\$	\$	\$
2013			
Balance at the beginning of the year	7,720,673	962,785	8,683,458
Additions	-	351,169	351,169
Disposals	-	(124,113)	(124,113)
Depreciation expense	(292,056)	(337,941)	(629,997)
Carrying amount at the end of the year	7,428,617	851,900	8,280,517
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

Notes to the Financial Statements

11. PAYABLES - GENERAL

	2013	2012
	\$	\$
Current		
Trade creditors	279,366	189,906
Accrued expenses	59,410	324,250
Income received in advance	171,542	147,342
	510,318	661,498

12. PAYABLES – TRUST

Clients' trust funds	10,840	8,862
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13. PROVISIONS

Current		
Employee benefits	827,986	795,750
Interpreting - Regis	60,000	60,000
Special Projects	258,789	303,719
	1,146,775	1,159,469
Non-current		
Employee entitlements	89,144	73,370
Interpreting - Regis	563,226	593,573
	652,370	666,943
(a) Aggregate employee entitlement liability	917,130	869,120
(b) Number of employees at year end (full time equivalent)	81	80

Movement in provision other than employee benefit

Interpreting - Regis

Carrying amount at the beginning of the year	653,573	679,194
Amounts used	(30,347)	(25,621)
Carrying amount at the end of the year	623,226	653,573

Special Projects

Carrying amount at the beginning of the year	303,719	185,603
Additional provisions recognised	88,518	256,178
Amounts used	(133,448)	(138,062)
Carrying amount at the end of the year	258,789	303,719

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

14. RESERVES AND RETAINED EARNINGS

Fair value reserve	14(a)	837,007	159,171
Development Reserve	14(b)	200,000	200,000
Retained Earnings	14(c)	13,936,898	13,992,583

(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	159,171	351,643
Movement during the year	677,836	(192,472)
Balance at the end of year	837,007	159,171

Notes to the Financial Statements

14. RESERVES AND RETAINED EARNINGS (cont'd)

	2013	2012
	\$	\$
(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	200,000	-
Transfer from Retained Earnings during the year	-	200,000
Balance at the end of the year	200,000	200,000
(c) Retained Earnings		
Retained earnings at the beginning of the year	13,992,583	14,293,548
Net loss	(55,685)	(100,965)
Transfer to Development Reserve	-	(200,000)
Retained earnings at the end of the financial year	13,936,898	13,992,583

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:

	2013	2012
	\$	\$
Cash at bank	158,933	603,410
Cash on hand	6,350	6,350
	165,283	609,760

(b) Financing facilities available

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

Total facilities	-	-
- bank overdraft	-	-
Facilities used at balance date	-	-
- bank overdraft	-	-
Facilities un-used at balance date	-	-
- bank overdraft	-	-

(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	266,779	203,316
- later than one year and not later than five years	400,553	319,993
	667,332	523,309

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:

	2013	2012
	\$	\$
Receivable		
- not later than one year	382,758	409,078
- later than one year and not later than five years	732,316	713,460
- later than five years	-	184,115
	<u>1,115,074</u>	<u>1,306,653</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 capital commitments of \$68,607 at the 30th June 2013. These are for motor vehicles and IT equipment.

17. AUDITORS' REMUNERATION

	2013	2012
	\$	\$
Remuneration of the auditor for:		
- an audit of the financial report	24,200	23,540
- other services in relation to the entity	-	25,000
	<u>24,200</u>	<u>48,540</u>

Other services to the auditor were in relation to 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
H Fisher	M T Pierce
K G Fowler	

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

19. KEY MANAGEMENT PERSONNEL COMPENSATION

	2013	2012
	\$	\$
Compensation	1,107,025	1,124,918

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 2013, the number of members (including Life Members) was 64 (2012 - 73).

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 2013, approximately 51% or \$5,030,064 (2012 - 50% or \$4,979,552) 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 2012, the fund had notional deficit in assets of \$3,932. The Fund Trustee is yet to determine the position for 30 June 2013; Victorian Deaf Society could be liable for any shortfall.

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 2013 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 OAM.....
President



K G FOWLER.....
Treasurer

Dated at East Melbourne this 27th day of August 2013

**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 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the 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 2013 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 28 August 2013



PITCHER PARTNERS

Melbourne