VICTORIAN DEAF SOCIETY

AND CONTROLLED ENTITY

(ACN 004 058 084)

A COMPANY LIMITED BY GUARANTEE

Financial Report for the year Ended 30 June 2020

Expression Australia

Directors' Report

The Directors of Victorian Deaf Society (a company limited by guarantee) and its controlled entity submit herewith the financial statements for the year ended 30 June 2020 and report as follows.

The Directors and Company Secretary at any time during the year and to the date of this report, details of Committee membership and other directorships held are:

Ms C A (Catherine) Santo – Chair - MAICD, BA (Psych), BSW, Fellowship of the Australian Institute of Socio-Analysis, Organisational Consultant and Director – Santo & Williams Pty Ltd. Chair – Strategy, Planning & Performance Committee, Member – Nominations and Remuneration Committee, appointed October 2014.

Mr K G (Garry) Fowler – FCA, FAICD. - Chair, Chartered Accountant and Company Director; retired partner of Ernst & Young. Chair – Nominations and Remuneration Committee. Member – Finance, Audit & Risk Committee, Investment Sub-Committee, Audiology Taskforce, Property Taskforce and Director, Tasmanian Deaf Society, appointed in March 2009, Resigned 30 June 2020.

Mr G P (Gavin) Balharrie – President - BA (Planning and Design), BA (Property and Construction), Associate of Australian Institute of Quantity Surveyors, State Director WT Partnership, Chair - Property Taskforce and member – Strategy, Planning and Performance Committee and, appointed October 2016.

Mr P (Praveen) Reddy – Treasurer MBA, B.Eng(Chem), GAICD, Executive Director – Freight Victoria at Department of Transport, Chair - Finance, Audit & Risk Committee and ICT Subcommittee. Member - Audiology Taskforce, appointed April 2015.

Mr P G (Peter) Berg – Treasurer - B Com, Advanced Diploma of Financial Services (Financial Planning), Chair – Investment Sub-Committee and Audiology Taskforce, member – Finance, Audit and Risk Committee and Property Task Force. Director, Tasmanian Deaf Society, appointed March 2014, Resigned 4th June 2020.

Ms H (Hilary) Fisher – GAICD, Masters Applied Commerce (Marketing), B Arts (Politics/Linguistics), Dip. Creative Arts, Principal Communications Advisor, Department of Health and Human Services, Member – Nominations and Remuneration Committee, ICT Sub-Committee and Marketing & Engagement Committee. Director, Tasmanian Deaf Society and Chair - Vicdeaf Community Advisory Group, appointed June 2013

Mr P J (Peter) Saunders – MSTC (Adelaide), Grad Dip IP Law (Melbourne), B Com LLB (Queensland), Chartered Accountant, Lawyer and Principal at Danaher Legal, member – Property Taskforce and Strategy, Planning and Performance Committee, appointed April 2015.

Ms S (Simone) M Williams – MA (Comms), BA (AustSt), Executive Director Strategic Communications and Marketing – Headspace National Youth Mental Health Foundation, Chair – Marketing and Engagement Committee and Member – Audiology Taskforce, appointed November 2017.

Mr D (Demetrio) Zema – LLB/B.Int. R'lts (La Trobe), Director – Law Squared, Deputy Chair – Centre for Multicultural Youth, Member – Strategy, Planning and Performance Committee, Finance, Audit & Risk Committee and Audiology Taskforce, appointed April 2017

Ms M (Melissa) Hale – BASoc (Latrobe) – Victorian Equal Opportunity and Humans Rights Committee, Disability Reference Group member – Cricket Victoria Community Ambassador and Board Member of Deaf Cricket Victoria.

Mr G W (Gary) Hunt – CPA, B Ec. (Accounting), Company Secretary, General Manager, Finance and Administration, appointed February 2011(Resigned Aug 2019).

Mr S (Scott) Phillips – CA, B Bus. (Accountancy), CEO – Asparq, Finance, Audit & Risk Committee, appointed 30 June 2020

Mr G A (Glenn) Kruithoff – CA, MBA, GDip(Psych), Company Secretary, Director Corporate Services, appointed October 1st 2019.

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

Meetings of Directors
During the financial year, 34 scheduled meetings of directors (including committees) were held. Attendances were as follows:

	Board	Finance, Audit and Risk Committee	Marketing and Development Committee	Nominations and Remuneration Committee	Strategy, Planning and Performance Committee	Investment Sub-Committee	ICT Sub-Committee	Audiology Taskforce	Property Taskforce
G Balharrie	10/10	-	-	2/2	3/3	-	-	-	1/1
P Berg	9/9	5/6	-	-	-	6/6	-	-	-
H Fisher	10/10	-	-	5/7	-	-	-	-	-
G Fowler	10/10	7/7	-	4/4	-	6/6	-	-	-
P Reddy	8/10	6/7	-	-	-	-	-	-	-
C Santo	10/10	-	-	7/7	3/3	-	-	-	-
P Saunders	10/10	-	-	3/3	2/3	-	-	-	-
S Williams	8/10	-	-	-	-	-	-	-	-
D Zema	7/10	3/7	-	-	3/3	-	-	-	-
M Hale	7/8	-	-	-	2/3	-	-	-	-

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

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

Company Objectives
The principal activities of the Society are to provide a range of services for people in the State of Victoria and Tasmania who are Deaf, hard of hearing or others who experience barriers to equality and inclusion.

Strategies
To achieve our stated objectives, the Society has adopted the following strategic priorities:

- Promote Deaf identity through history, culture and language.
- Deaf and hard of hearing interests and issues are understood and acted upon.
- Communication and access is available for Deaf and hard of hearing people within their daily lives.
- Provide support for participation and inclusion to those who need it at all stages of life.
- Connect and partner with Society's and government to improve services.
- Connect and partner with individuals and groups to enhance our impact.

Company Performance
We measure our performance in achieving our objectives through our strategic planning process. The strategic plan, in place for 2015 - 2020, documents priorities, objectives and outcomes of the Society and is reviewed annually in consultation with relevant stakeholders.

Detailed key performance indicators (KPI's) 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 KPI's. The KPI's include metrics regarding transition to the National Disability Insurance Scheme (NDIS), financial performance, service targets, supply and demand and staff engagement. The Strategy, Planning and Performance Committee advises on progress against achievement of the Strategic Plan. A Performance Management Framework was developed with a strategic shift away from measuring outputs to measuring impacts out outcomes as well as a preliminary draft of our Organisational Theory of Change.

Operating Results
The net profit for the year was $795,986 (2019: $582,250). This profit includes an increase in unspent grants for Special Projects of $757,366 (2019: $82,745) which are required by the current accounting standards to be brought to account as income in the year that they are received. Expenditure against these grants will be incurred in future years, and consequently a reserve has been created to be applied against this expenditure in future years. The underlying profit before the effect of unspent grants is $38,620 (2019: 499,505).

Total comprehensive loss for the year was $(781,961) (2019: $625,057). The underlying comprehensive loss before the effect of unspent grants was $(1,539,327) (2019: $542,312).

Review of Operations
The Society had a good year achieving a surplus result and continuing to achieve excellent outcomes against the 2015-2020 strategic plan, despite interruption to face to face services and a downturn in service demand due to the impact of COVID-19 pandemic restrictions.

Service planning and redesign continued in the lead up to full roll out of the NDIS which included maintaining service continuity for existing clients transitioning to the NDIS. The pace of transition to NDIS has been slower than anticipated. This delay in growth of NDIS services has been offset by transition funding from DHHS, which came to an end in early 2020.

Expression Employment, our employment service, was due to record an increase in income with the new Department of Social Service contract in operation for 12 months. Due to the impact of COVID-19 on the employment market, Expression Employment income finished down 5.26% for the year. Despite the impact of the pandemic, our interpreting service, Auslan Connections, has again performed strongly with service levels up 9.2% on last year due to the implementation of VRI (Video Remote Interpreting) services during social distancing restrictions in Melbourne.

Our audiology business, Expression Audiology, suffered a decrease in income of 31.95% as a result of closing all but emergency services during the final four months of the year due to COVID-19 restrictions. Despite a shift to online classes, Learning and Training also suffered a reduction in income due to COVID-19 social distancing restrictions, of 45.39%.

In Tasmania, additional to services above, we continue to have a strong focus on the development of our service and business model in light of the NDIS which has included but is not limited to community engagement, capacity building and Auslan for families.

The investment portfolio had a total return of -2.14% following on from a return of 6.22% in the previous year. This result includes the write down of the Virgin note to $75,000 (a loss of $675,000) and is largely due to the significant downturn in domestic and global markets due to the impact of COVID-19. Despite this result, portfolio has performed well against our market related benchmarks this year.

Significant Changes in State of Affairs
During the financial year there was no significant change in the Society's affairs other than that referred to in this Report, the financial statements and their notes.

Significant Events after Reporting Date
There were no significant events after reporting date.

Members' guarantee
The Society is incorporated under the *Corporations Act 2001(Cth)* as a company limited by guarantee. If the company is wound up, the Constitution states that each member is required contribute to a maximum of $10 each towards meeting any outstanding obligations of the Society. At 30 June 2020, the number of members was 39. The combined total amount that members of the company may be liable to contribute if the Society is wound up is $390.

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

Directors: Mr G P Balharrie, Mr P Berg, Ms H Fisher, Mr K G Fowler, Mr P Reddy, Ms C A Santo, Mr P J Saunders, Ms S M Williams, Ms M Hale, and Mr D Zema.

Executives: Ms T Hill, Mr G Kruithoff, Mr A Lyall, Ms K P Kavanagh, Ms C A Mathieson (resigned), Ms T N Pearce, Mr B J Phillips, Ms L Van Opijnen and Ms G M Victor.

Likely Developments and Expected Results
In 2020-2021, the Society will be implementing budgets from November 2020 to June 2021. The 8 month contracted budget period is due to uncertainty in funding and market demand for services due to the impact of the COVID-19 pandemic. In conjunction with the adjusted budget period is the strategic plan for 2021-2023 which will be developed during the 2nd half of 2020. Revenues are expected to continue to reduce during the

2021 financial year due to suppressed market conditions as a result of the COVID-19 social-distancing restrictions.

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 the 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 20 of the notes to the financial statements.

Environmental Issues
The Society'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 Society
No person has applied for leave of any Court to bring proceedings on behalf of the Society.

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required by the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 6.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.

Catherine Santo

C SANTO
Chair

P REDDY
Treasurer

Dated: 1st October 2020

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Auditor's Independence Declaration to the Directors of Victorian Deaf Society

In relation to our audit of the financial report of Victorian Deaf Society for the financial year ended 30 June 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
1 October 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $	2019 $
Revenue	2a	14,492,352	14,539,539
Other income	2b	3,283,089	1,596,003
		17,775,441	16,135,542
Expenses			
Employee costs		(12,025,940)	(10,733,257)
Rent		-	(1,280,584)
Depreciation and amortisation		(1,214,209)	(314,918)
Other expenses		(3,656,155)	(3,224,533)
Finance Costs		(83,151)	-
		(16,979,455)	(15,553,292)
Net profit	3	795,986	582,250
Items that will not be reclassified to the profit or loss			
Changes in fair value of equity investments at FVOCI		(1,577,947)	42,807
Other comprehensive income for the year		(1,577,947)	42,807
Total comprehensive income for the year		(781,961)	625,057

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Consolidated 2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	6	2,170,935	1,927,863
Trade and other receivables	7	2,083,136	1,540,744
Inventories		7,898	27,734
Other financial assets held in trust		21,412	22,194
Other assets	8	299,792	261,243
TOTAL CURRENT ASSETS		4,583,173	3,779,778
NON-CURRENT ASSETS			
Financial assets	9	24,099,931	25,683,544
Plant and equipment	10	663,756	609,732
Right-of-use assets	19	1,514,042	-
Intangible assets	11	332,377	285,664
TOTAL NON-CURRENT ASSETS		26,610,106	26,578,940
TOTAL ASSETS		31,193,279	30,358,718
CURRENT LIABILITIES			
Trade and other payables	12	1,046,734	1,068,479
Payables – held in trust		21,412	22,194
Provisions	13	1,355,412	1,438,924
Lease Liabilities	19	745,635	-
TOTAL CURRENT LIABILITIES		3,169,193	2,529,597
NON-CURRENT LIABILITIES			
Provisions	13	341,169	337,355
Lease liabilities	19	973,112	-
TOTAL NON-CURRENT LIABILITIES		1,314,281	337,355
TOTAL LIABILITIES		4,483,474	2,866,952
NET ASSETS		26,709,805	27,491,766
EQUITY			
Reserves	15	2,752,322	2,996,224
Retained earnings		23,957,483	24,495,542
TOTAL EQUITY		26,709,805	27,491,766

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Financial Assets at FVOCI Reserve	Development Reserve	Tasmanian Deaf Society Reserve	Unspent grants Reserve	Retained Earnings	Total Equity
	$	$	$	$	$	$
As at 1 July 2018	119,457	-	547,716	1,301,616	24,897,920	26,866,709
Profit for the year	-	-	-	-	582,250	582,250
Changes in fair value of available-for-sale financial assets, net of tax	42,807	-	-	-	-	42,807
Transfer to Unspent grants reserve	-	-	-	82,745	(82,745)	-
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	901,883	-	-	-	(901,883)	-
Total comprehensive income for the year	944,690	-	-	82,745	(402,378)	625,056
Balance as at 30 June 2019	1,064,147	-	547,716	1,384,361	24,495,542	27,491,767
Profit for the year	-	-	-	-	795,986	795,986
Changes in fair value of available-for-sale financial assets, net of tax	(1,577,947)	-	-	-	-	(1,577,947)
Transfer to Unspent grants reserve	-	-	-	757,368	(757,368)	-
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	576,677	-	-	-	(576,677)	-
Total comprehensive income for the year	(1,001,270)	-	-	757,368	(538,059)	(781,961)
Balance as at 30 June 2020	62,877	-	547,716	2,141,729	23,957,483	26,709,808

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government and customers		15,977,962	14,879,354
Payments to suppliers and employees		(16,501,416)	(16,413,842)
Interest Paid		(91,251)	-
Interest received		34,722	328,535
Dividends and distributions received		1,050,076	1,553,429
Donations, bequests and fundraising		166,462	724,666
Net cash provided by operating activities		636,555	1,072,142
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		88,474	41,975
Proceeds from sale of investments		5,941,724	18,127,042
Payment for plant & equipment		(484,604)	(258,152)
Payment for intangibles		(111,389)	(38,616)
Payment for investments		(4,995,158)	(18,460,721)
Net cash used in investing activities		439,047	(588,472)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(656,225)	-
Movements in term deposits		(176,305)	(1,605)
Net Cash used in financing activities		(832,530)	(1,605)
Net increase in cash held		243,072	482,065
Cash at the beginning of the financial year		1,927,863	1,445,798
Cash at the end of the financial year	6	2,170,935	1,927,863

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2020

1. ABOUT THIS REPORT

CORPORATE INFORMATION

The Financial Statements covers Victorian Deaf Society as a consolidated entity incorporating Tasmanian Deaf Society of which it is the sole member. Victorian Deaf Society and Tasmanian Deaf Society are companies limited by guarantee, incorporated and domiciled in Australia.

BASIS OF PREPARATION

Victorian Deaf Society applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth).* The company is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, except for debt and equity financial assets that have been measured at fair value. The amounts presented in the financial statements have been rounded to the nearest dollar.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent (Victorian Deaf Society) and its subsidiaries as at 30 June 2020. Control is achieved when the Society is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Notes to the Financial Statements

BASIS OF CONSOLIDATION (Cont'd)

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

COMPARATIVES

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

ECONOMIC DEPENDENCY

The Society depends on a significant amount of revenue on grants provided by the Federal and Victorian State Governments. During the year ended 30 June 2020, approximately 52% or $7,543,639 (2019: 43% or $6,987,920) of the Society's revenue was sourced from the Federal, Victorian and Tasmanian State Governments.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Key estimates: -

(i) Provision for interpreting

The Society has an obligation to provide interpreting services to Lake Park Aged Care Facility and has estimated the future service requirements due under the contract.

(ii) Depreciation and amortisation

Useful lives of assets have been estimated by management based on historical experience and other factors.

(iii) Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Society expects that most employees will not use all of their long service leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for long service leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

TAXES

The income of the Society is considered to be tax exempt under section 50 of the *Income Tax Assessment Act 1997(Cth)*.

Notes to the Financial Statements

2. TOTAL REVENUE AND OTHER INCOME

	2020 $	2019 $
2(a) Revenues		
Federal government grants	5,775,289	4,170,881
State government operating grants	1,768,350	2,817,039
Donations, bequests and fundraising	166,462	724,666
Accommodation fees	67,843	64,145
Income from sale of goods	1,197,995	1,457,356
Professional services fees	5,516,413	5,305,452
	14,492,352	14,539,539
2(b) Other income		
Rent	8,000	17,853
Interest income	34,722	300,925
Dividend and distribution income	1,180,020	1,242,257
JobKeeper Receipts	1,911,000	-
Sundry income	141,618	28,975
Loss from sale of plant and equipment	7,729	5,993
	3,283,089	1,596,003

Recognition and Measurement

The Society recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* or AASB 15 *Revenue from Contracts with Customers* when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Society expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. In other cases, AASB 1058 applies when a Not For Profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives and the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately. The Society recognises revenue from the following major sources:

Federal and State Government Grants

Government grants are received by the entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants also include income where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Grant Income is recognised in accordance with AASB 15 if the contract has sufficiently specific performance obligations. Grant income without sufficiently specific performance obligations is recognised under AASB 1058. Grant income for contracts with sufficiently specific performance obligations is recognised over time based on input method. The Society has made a decision that expense is a good indicator of performance obligations being performed over time.

The expenditure to which the grant relates to is expensed as incurred if it does not meet the capitalisation criteria for costs incurred to fulfil a contract. The expenditure may not correlate to the timing of grant receipts.

An unspent grant reserve has consequently been created within equity for which amounts that have been received from Federal and State Government grants are transferred to after first being recorded in profit or loss be applied against expenditure in future years

Sale of goods

Revenue from sale of goods includes the sale of hearing aids and assistive listening devices. Revenue from sale of goods is recognised at a point in time when control of the goods passes to the customer and is measured at the fair value received or receivable.

Notes to the Financial Statements

2. TOTAL REVENUE AND OTHER INCOME (cont.)

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective interest rate on the financial asset.

Dividends

Dividend revenue is recognised when the shareholder's right to receive payment has been established, provided it is probable that the economic benefits will flow to the Society and the amount of income can be measured reliably.

Rental income

Rental income received from properties owned by the Society is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Donations, bequests and sponsorships

The Society receives part of its income from donations, either as cash or in-kind. Donations are recognised as revenue when they are recorded in the books and records of the Society under AASB 1058. Bequests are recognised at the fair value of the benefit received when receipt of the amount is certain. Where required, bequests are recognised in accordance with the express terms of the will under AASB 1058. Sponsorship agreements entitle the sponsor to something of value in return for their support. Revenue is recognised point in time in accordance with AASB15.

Professional Service fees

Professional Service fees include interpreting fees, Auslan classes and accommodation fees. These fees are recognised on a straight-line basis over the period the services are provided as the services are transferred over time.

All revenue is stated net of the amount of goods and services tax (GST). Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recovered from the Australian Tax Office (ATO).

3. EXPENDITURE

	2020 $	2019 $
Net profit has been determined after the following specific expenses:		
Depreciation and amortisation of non-current assets		
- plant, equipment and intangibles	374,833	314,918
- Right of use assets	839,376	-
Cost of sales of goods	636,540	716,659
Rent	-	1,280,584
Employee benefits	12,026,978	10,733,257

Notes to the Financial Statements

4. KEY JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The judgements and estimates used in relation to intangible Assets when preparing the financial statements for the year ended 30 June 2020 are consistent with those disclosed in our previous year end report, dated 30 June 2019.

In addition the Society has applied judgement to determine the incremental borrowing rate and the likelihood of accepting lease renewal options, which significantly affect the amount of lease liabilities and right-of-use Assets (ROU) recognised.

Renewal Option
Victorian Deaf Society has the option, under some of its leases to lease properties for additional terms of two to three years. The Society applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Society reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Society has therefore included the renewal period as part of the lease term for its property leases due to the needs of the business.

Incremental borrowing rate
The Society has applied judgement to determine the incremental borrowing rate which significantly affects the amount of lease liabilities and right-of-use asset recognised. The Society applies a rate it best believes to be the rate that the Society will have to pay to obtain funds for an asset of a similar value to the right-of-use asset in a similar economic environment.

5. OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The Australian Accounting Standards Board (AASB) has issued a number of new standards which became effective from 1 July 2019 (financial year ending 30 June 2020 for the Society). The Society assessed the impact of each new standard.

The Society applies, for the first time, AASB16 *Leases,* AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*. As required by the AASB 108 Account Policies, Changes in Accounting Estimates and Errors and AASB16 Leases, the nature and effect of these changes are disclosed below.

AASB16 Leases

AASB16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases for low-value items. Lessor accounting remains similar to the current standard – ie. Lessors continue to classify leases as finance or operating leases.

AASB16 replaces existing leases guidance, including AASB117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal From of a Lease.

The Society adopted AASB16 using the modified retrospective approach of adoption for those leases in existence at the date of initial application, being 1 July 2019. As the company adopted the modified retrospective method, there was no restatement of previous financial statements.

Notes to the Financial Statements

5. OTHER ACCOUNTING POLICIES (cont.)

The company applied the transition practical expedients in paragraphs C3 and C10b, c and e. The effect of using these expedients is:

- The Society will apply the low value asset exemption to leases of assets below $10,000;
- The Society will not apply AASB 16 to contracts entered before 1 July 2019 that were previously not identified as leases;
- Initial direct costs have been excluded from the measurement of all ROUs; and
- The Society used hindsight in determining the lease term where the contract contained options to extend the lease.

The Society has assessed the impact that initial application of AASB16 will have on its consolidated financial statements, as described below.

i. Leases in which the Society is a lessee

The Society has recognised new assets and liabilities for its operating leases. The nature of expenses related to those leases has now changed because the Society is recognising a depreciation charge for right-of-use assets (ROU) and interest expense on lease liabilities. Previously, the Society recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Adopting the new standard has led to the company recognising lease liabilities and right-of-use assets of $2,279,020 as at 1 July 2019.

Right-of-Use Assets

The Society recognises right-of-use assets at the commencement date of the leases (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Society is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers that payment occurs.

ii. Transition

The Society applied AASB16 initially on 1 July 2019, using the modified retrospective approach. The Society has applied the practical expedient to grandfather the definition of a lease on transition. This means that it will apply AASB16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with AASB117 and Interpretation 4.

In accordance with the modified retrospective method of adoption, the Society applied AASB16 at the date of initial application and elected to measure the carrying amount of ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Notes to the Financial Statements

5. OTHER ACCOUNTING POLICIES (cont.)

The effect of adopting AASB16 is as follows:
- Additional ROU assets of $2,279,020 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of $2,279,020 were recognised and presented separately in the statement of financial position.
- For the 12 months ended 30 June 2020 included in the statement of income is depreciation of right-of-use assets of $839,376 and interest expense of $83,151 being the unwinding of the undiscounted lease liabilities over time. Expense for these leases would have been recorded under rent expense prior to the adoption of AASB16. After adoption of AASB16, the Society's cash flows from operating activities will include payments for the interest portion of lease payments (included in interest paid) and cash flows from financing will include repayment of the principal portion of the lease liabilities.

AASB 1058 Income of Not-for-Profit Entities and AASB15 Revenue from Contracts with Customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related interpretations when they become effective.

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

The Society have determined to adopt a modified retrospective approach. As such, the new Standards will not be applied to contracts that are completed by the date of initial application. For the purposes of revenue recognition, completed contracts include contracts where revenue has been recognised in accordance with AASB 1004. There has been no impact to the adoption to AASB 15 and AASB 1058.

Key requirements of AASB 15:
The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Upon initial evaluation, the key changes in the standards that impact revenue recognition relate to the allocation of contracted grant revenue. Grant income is currently recognised in accordance with AASB 1004 'Contributions'.

Key requirements of AASB 1058:
This Standard applies when an NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

Notes to the Financial Statements

5. OTHER ACCOUNTING POLICIES (cont.)

Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

(a) contributions by owners;
(b) revenue, or a contract liability arising from a contract with a customer;
(c) a lease liability;
(d) a financial instrument; or
(e) a provision.

These related amounts are accounted for in accordance with the applicable Australian Accounting Standard. The Standard also prescribes specific accounting requirements for a transaction which is a transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity (i.e. an in-substance acquisition of a non-financial asset) and volunteer services.

The Society does not anticipate recognising volunteer services within the financial statements, given the true value of these services is not reliably measurable in financial terms. Volunteer services provide value by connecting communities, providing personal development, career pathways and work skills, contributing an abundance of knowledge, time and attributes, not reliably measured in financial terms.

6. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	2,167,735	1,922,163
Cash on hand	3,200	5,700
	2,170,935	1,927,863

Significant accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

7. TRADE AND OTHER RECEIVABLES

Current

	2020 $	2019 $
Trade debtors	804,580	723,582
Impairment loss	(60,000)	(8,000)
	744,580	715,582
Other receivables	1,338,556	825,162
	2,083,136	1,540,744

Significant accounting policy

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

For trade receivables, the Society applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

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

Notes to the Financial Statements

8. OTHER ASSETS

	2020 $	2019 $
Current		
Rental Bonds	11,308	-
Finance Loan	42,096	-
Prepayments	71,394	192,757
Term deposit	174,994	68,486
	299,792	261,243

9. FINANCIAL ASSETS

	2020 $	2019 $
Non-current		
Term Deposit	69,797	-
Financial assets at fair value through OCI	24,030,134	25,683,544
	24,099,931	25,683,544

Significant accounting policy

Initial recognition and measurement

On initial recognition, a financial asset is classified and measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt instrument; FVOCI – equity instrument; or fair value through profit or loss (FVTPL). The classification depends on the Society's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Society changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

(a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Classification and subsequent measurement

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are measured at fair value. Fair value gains and losses on equity investments are taken to other comprehensive income and there is no subsequent reclassification of the fair value gains and losses to profit or loss.

Debt instruments are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Society no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

10. PLANT AND EQUIPMENT

	2020 $	2019 $
Plant and equipment at cost	2,595,210	2,464,630
Accumulated depreciation	(1,931,454)	(1,854,898)
Total Plant and Equipment	663,756	609,732

Movements in Carrying Amounts

	2020 $
Balance at the beginning of the year	609,732
Additions	484,604
Reclassification to intangible assets	(84,742)
Disposals	(120,424)
Depreciation expense	(225,414)
Balance at the end of the year	663,756

Significant accounting policy

Plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed 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. The resulting impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Depreciation
The depreciable amounts of all plant and equipment are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The depreciable amounts for each class of assets are:

	2020	2019
Plant and equipment:	10-50%	10-50%

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

11. INTANGIBLES

	2020 $	2019 $
Computer software - at cost	660,978	399,774
Accumulated amortisation	(328,601)	(114,110)
Net carrying amount	332,377	285,664

Movements in Carrying Amounts 2020

Balance at the beginning of the year	285,664
Reclassifications from plant and equipment	84,742
Additions	111,389
Amortisation expense	(149,418)
Balance at the end of the year	332,377

Notes to the Financial Statements

11. INTANGIBLES (cont.)

Significant accounting policy

Software

Software development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Society intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised software development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The assets are amortised on a straight-line basis in profit or loss over their estimated useful life of 4 years, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

12. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Credit Cards	3,173	-
GST Payable	22,004	-
Trade creditors	443,424	316,086
Accrued expenses and other payables	436,000	345,751
Contract liabilities	142,133	406,642
	1,046,734	1,068,479

Contract liabilities

Contract liabilities includes amounts received in advance for Auslan classes and certain government grants with sufficiently specific performance obligations.
The following table includes the revenue on existing contracts expected to be recognised in the future which relates to performance obligations that are unsatisfied at the reporting date:

Balance as at 1/7/19	Recognised as Revenue During the Year	Additional Deferred Revenue in FY20	Balance at 30/6/2020
406,642	406,642	142,133	142,133

In addition to the deferred revenue balance at 30 June 2020, the following table includes the transaction price allocated to the remaining performance obligations of contracts with customers that has not yet been recognised as revenue. This relate wholly to future amounts that have not yet been billed under existing contracts.

Year revenue will be recognised (GST Exempt)	**$**
FY21	694,374
FY22	647,573
FY23	97,590
Total	**1,439,537**

Notes to the Financial Statements

12. TRADE AND OTHER PAYABLES (cont.)

Financial liabilities at amortised cost

	2020	2019
	$	$
Trade and other payables		
- Total current	1,046,734	1,068,479
	1,046,734	1,068,479
Less: Contract liabilities	(142,133)	(406,642)
Financial liabilities at amortised cost	904,601	661,837

Significant accounting policy

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

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

Income received in advance includes revenue for services contracted to be provided in the next financial year.

13. PROVISIONS

	2020	2019
	$	$
Current		
Employee entitlements	1,295,412	1,378,924
Interpreting - Regis	60,000	60,000
	1,355,412	1,438,924
Non-current		
Employee entitlements	159,172	95,358
Interpreting - Regis	181,997	241,997
	341,169	337,355

	Employee Entitlements	Interpreting – Regis	Total
	$	$	$
Analysis of total provisions:			
Balance at 1 July 2019	1,474,282	301,997	1,776,279
Additional provision raised during the year	3,767	-	3,767
Amount used	(23,465)	(60,000)	(83,465)
Balance at 30 June 2020	1,454,584	241,997	1,696,581

Significant accounting policy

Provision for employee entitlements represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave and long service leave that have vested due to employees having completed the required period of service. Based on past experience, the Society does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Society does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Notes to the Financial Statements

13. PROVISIONS (cont.)

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

Provision is made for the Society'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 present obligation as a result of a past event and a reliable estimate can be made of the obligation.

14. EMPLOYEE BENEFITS

Defined Benefit Plan

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

The employee contributed various percentages of his gross income to superannuation and the Society also contributed at the rate of more than the employee's contribution based upon actuarial advice. As at 30 June 2019, the fund had a notional excess in assets of $72,519. The fund trustee is yet to determine the position for 30 June 2020; the Society would be liable for any shortfall.

15. RESERVES AND RETAINED EARNINGS

(a) Financial Assets at FVOCI Reserve

The financial assets at FVOCI is used to record unrealised gains/(losses) in investments under AASB 9.

(b) Development Reserve

The development reserve is used fund future initiatives as determined by the Board from time to time.

(c) Reserve Tasmanian Deaf Society

The reserve acquired on acquisition of Tasmanian Deaf Society is used to fund future initiatives for Tasmanian Deaf Society as determined by the Board from time to time.

(d) Unspent Grants Reserve

The unspent grants reserve represents the total of key grant monies received or receivable for specific purposes but not used at the end of the year.

Notes to the Financial Statements

16. FINANCIAL RISK MANAGEMENT

The Society's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial assets			
Financial assets not measured at fair value:			
Amortised cost:			
Trade and other receivables	7	2,083,136	1,540,744
Financial assets held in trust		21,412	22,194
Financial assets measured at fair value:			
Cash and cash equivalents	6	2,170,935	1,927,863
Term deposit	8	299,792	68,486
Financial assets at fair value through OCI	9	24,030,134	25,683,544
Total financial assets		28,605,410	29,242,831
Financial liabilities			
- trade and other payables	12	904,601	661,837
- payables – held in trust		21,412	22,194
Total financial liabilities		926,013	684,031

Refer to Note 15 for detailed disclosures regarding the fair value measurement of the Society's financial assets and financial liabilities.

17. FAIR VALUE MEASUREMENTS

	2020 $	2019 $
Recurring fair value measurements		
Financial assets		
Financial assets at fair value through OCI	24,030,134	25,683,544

Significant accounting policy

"Fair value" is the price the Society would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurable date.

As fair-value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information
is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transactional costs and transport costs).

Notes to the Financial Statements

17. FAIR VALUE MEASUREMENTS (cont.)

Significant accounting policy (cont.)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or sell it to another market participant that would use the asset in its highest and best use.

For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

18. PARENT ENTITY INFORMATION

Set out below is the summarised financial information of the parent entity.

	2020 $	2019 $
Summarised Financial Position		
Total current assets	4,583,176	3,779,778
Total assets	31,193,282	29,811,003
Total current liabilities	3,169,193	2,529,597
Total liabilities	4,483,474	2,866,952
Net assets/Total equity	26,709,808	26,944,051
Summarised Financial Performance		
Profit or loss for the year	795,986	582,250
Total comprehensive income/(loss)	(781,961)	625,057

19. LEASES

	Right-of-use asset		Lease Liabilities
	Premises **$**	**Total** **$**	**Total** **$**
As at 30 June 2019	-	-	-
Additions on Transition	2,279,020	2,279,020	2,279,020
Additions during the year	14,874	14,874	14,874
Depreciation Expense	(839,376)	(839,376)	-
Lease Modification	59,525	59,525	48,865
Interest Payments	-	-	83,151
Accrued Rental Payments	-	-	(50,938)
Payments	-	-	(656,225)
As at 30 June 2020	**1,514,043**	**1,514,043**	**1,718,747**
Current lease liability	-	-	745,635
Non-Current lease liability	-	-	973,112
Total Lease Liability as at 30 June 2020	**-**	**-**	**1,718,747**

Notes to the Financial Statements

19. LEASES (cont.)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019, as follows:

Reconciliation of Lease Commitments and Lease Liabilities

	$
Operating lease commitments as at 30 June 2019	522,241
Less:	
Commitments relating to Services Agreements	(17,051)
Operating lease commitments as at 30 June 2019	505,190
Weighted average incremental borrowing rate as at 1 July 2019	4.3%
Discounted operating lease commitments as at 1 July 2019	497,677
Lease liabilities relating to renewal periods not included in operating lease commitments as at 30 June 2019	1,781,343
Lease Liabilities as at 1 July 2019	**2,279,020**

The table below are the amounts recognised in profit and loss during the period:

	2020 $
Depreciation expense of right-of-use asset	839,376
Interest expense on lease liabilities	83,151
Variable Rent Expense Payments	536
Outgoings & other property costs	273,236
Loss on modification of leases	10,660
Total amount recognised in profit or loss	**1,206,959**

The society had total cash outflows for leases for Fy20 is $656,225

COVID-19 lease payment concessions

During the reporting period, the Society negotiated rent abatements with its landlords associated with the Society's office premises due to the ongoing COVID-19 pandemic, resulting in a reduction in base rents payable for the impacted months and have the character of deferring the Group's lease payments to future periods.

The amount of lease payment deferrals obtained during the period was $89,932. The Group has applied the practical expedient in AASB 16 to not assess whether the lease payment deferrals represent a modification to the lease agreement for some of these leases. As such, these lease payment deferrals have resulted in a minor adjustment of $10,660 to the Society's ROU lease assets and liabilities as the overall remaining cash flows from the Society's lease arrangements has not changed, given that the amount of lease payment deferrals received during the period will be recovered by the Group's landlords over the remaining lease term.

Notes to the Financial Statements

20. RELATED PARTY TRANSACTIONS

The table below discloses the compensation recognised as an expense during the reporting period related to Key Management Personnel.

	2020 $	2019 $
Short term employee benefits	1,311,158	1,525,558
Termination benefits	154,391	-
Total compensation	1,465,549	1,525,558

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

C A Santo	P Reddy
G P Balharrie	M Hale
P G Berg	P J Saunders
H Fisher	C M Williams
K G Fowler	D Zema

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

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

		2020 $	2019 $
Fees to Danaher Legal	(a)	-	1,761
Remuneration to director’s spouse	(b)	29,854	25,584

(a) Mr P J Saunders is a Principal at Danaher Legal.
(b) Mr G P Balharrie’s spouse is an Auslan teacher at Victorian Deaf Society

21. EVENTS OCCURRING AFTER REPORTING DATE

No significant events have occurred.

22. NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Society has adopted all of the new, revised or amended Accounting Standards that are mandatory for the current accounting period. The Society adopted AASB16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities on 1 July 2019. The impact of the adoption is disclosed in Note 5.

Accounting Standards and interpretations issued but not yet effective

Relevant Australian Accounting Standards that have recently been issued or amended but which are not yet effective and have not been adopted by the Society for the annual reporting period ended 30 June 2020 are outlined below:

Notes to the Financial Statements

22. NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED (cont.)

Amendments to the Conceptual Framework for Financial Reporting

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. AASB 2019-1 has also been issued, which sets out the amendments to other pronouncements for references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event.

Society's assessment performed to date

The Society does not expect there to be a material impact from this amendment. However, the Society will apply the revised Conceptual Framework beginning 1 July 2020.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

The amendments align the definition of 'material' across AASB 101 Presentation of Financial Statements and AASB108 Accounting Policies, Changes in Accounting Estimates and Errors, and clarify certain aspects of the definition. The new definition states that, 'information is material If omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The Society's assessment performed to date

The Society does not expect the impact on adoption of this amendment will be material. The Society will apply this amendment beginning 1 July 2020.

Directors' Declaration

The directors of the Society declare that:

1. The financial statements and notes, as set out on pages 7 to 28, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

(b) give a true and fair view of the financial position as at 30 June 2019 and performance for the financial year ended on that date of the Society.

2. In the directors' opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

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

C SANTO Catherine Santo…………………………… P REDDY Praveen Reddy………………………………..
Chair Treasurer

Dated at East Melbourne this 1st October 2020

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Independent Auditor's Report to the Members of Victorian Deaf Society

Opinion

We have audited the financial report of Victorian Deaf Society (the Society) and its subsidiary (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Society 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 *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
Melbourne
1 October 2020