

# **VICTORIAN DEAF SOCIETY**

**(ACN 004 058 084)**

**A COMPANY LIMITED BY GUARANTEE**

**Financial Report for the year  
Ended 30 June 2015**

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## **Directors' Report**

The Directors of Victorian Deaf Society (a Company Limited by Guarantee) submit herewith the financial statements for the year ended 30 June 2015 and report as follows.

Directors and Company Secretary at any time during the year and to the date of this report, 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, Chair - Nominations and Remuneration Committee and Member – Accommodation Taskforce. Appointed July 1990.

**Mr P G (Peter) Berg** – B Com, Advanced Diploma of Financial Services (Financial Planning), Member – Finance, and Audit Committee, Chair – Investment Sub-Committee and Member – Accommodation Taskforce. Appointed March 2014.

**Ms H (Hilary) Fisher** – Masters Applied Commerce (Marketing), B Arts (Politics/Linguistics), Dip. Creative Arts, Communications Manager- Seniors Programs, Department of Health, Member – Marketing & Development Taskforce. 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. Member – 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.

**Ms W K (Wendy) Miller** – LLB (Hons), B Arts, Senior Associate - Thompson Geer, Member - Finance & Audit Committee. Appointed July 2013. (Resigned April 2015)

**Mr S J (Sam) Patterson** – LLB/BSc, Director – Community Relations – MacKillop Family Services, Chair – Marketing & Development Taskforce, 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); Career Pathways/Programs for Students with Disabilities (PSD), Grovedale College, Department of Education and Training, South Western Victorian Region, Deaf Australia Expert Group (Education). Member – Marketing & Development Taskforce. Member - Planning and Performance Committee. Appointed October 2001.

**Mr P (Praveen) Reddy** – MBA, B.Eng(Chem), GAICD, Manager Client Relations – Periscope Corporation, Member Finance & Audit Committee. Appointed April 2015.

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

**Mr P J (Peter) Saunders** – MSTC (Adelaide), B Com LLB (Queensland) and CA, Lawyer Thomson Geer, Appointed April 2015

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

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, 43 scheduled meetings of directors (including committees) were held. Attendances were as follows:

	Board	Finance & Audit Committee	Marketing & Development Taskforce	Nominations & Remuneration Committee	Investment Sub-Committee	Planning and Performance Committee	Accommodation Taskforce
M Adam	6/9	6/8	-	4/6	-	2/5	1/3
P Berg	7/9	7/8	-	-	8/8	-	3/3
H Fisher	8/9	-	3/4	-	-	-	-
G Fowler	9/9	8/8	-	6/6	8/8	-	3/3
R Kennedy	8/9	-	-	-	-	5/5	3/3
W Miller	6/6	4/5	-	-	-	-	-
S Patterson	7/9	-	3/4	-	-	-	-
T Pierce	6/9	-	3/4	-	-	4/5	-
P Reddy	2/3	1/2	-	-	-	-	-
C Santo	6/7	-	-	4/4	-	3/4	-
P Saunders	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.

### 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 Objectives

The Society's short and long term objective is to achieve its vision where our clients and community live in an accessible, inclusive society with equal opportunity in all areas of life.

### Strategies

To achieve its 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 organisations and government to improve services.
- Connect and partner with individuals and groups to enhance our impact.

### Company Performance

The Society measures its performance in achieving its objectives through its 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 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 advise on progress against achievement of the Strategic Plan.

### Operating Results

The net profit from ordinary activities was \$8,405,882 (2014: \$136,358).

### Review of Operations

The Society had an overall surplus of \$870,345 before the profits on sale from the property at 340 Albert Street East Melbourne of \$7,535,537. The result was influenced by total investment income which was above expectations.

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

SensWide, our employment service has had a stable year but with services down 12% on last year. Our interpreting service, Auslan Connections, has performed strongly increasing its service levels by 31% this year.

Our audiology business, hearservice, and our Auslan classes both performed consistently this year with good community outcomes.

Our fundraising activities were consistent with previous years, continuing to perform well with grant income which is able to be directed to additional projects that we would not otherwise be able to achieve.

Income from property reduced this year with the sale of 340 Albert Street, East Melbourne on 1<sup>st</sup> September 2014 with a sale price of \$14,875,000 and profit on sale of the property of \$7,535,537.

Our investment portfolio has increased this year with the proceeds of the sale of 340 Albert Street being invested. The total portfolio has performed well against our market related benchmarks in a challenging market. The portfolio had a total return of 7.51% following on from a return of 13.46% 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 Reporting Date**

There were no significant events after reporting 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 \$10 each towards meeting any outstandings and obligations of the company. At 30 June 2015 the number of members was 60. The combined total amount that members of the company are liable to contribute if the company is wound up is \$600.

### **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 R E M Adam OAM, Mr P Berg, Ms H Fisher, Mr K G Fowler, Mr R Kennedy, Ms W K Miller, Mr S Patterson, Dr M T Pierce, Mr P Reddy, Ms C A Santo, Mr P J Saunders.

Executives: Mr J R Donnon, Ms K A Fraser, Mr M N Grounds, Mr G W Hunt, Mr A Lyall, Ms C A Mathieson, Mr B J Phillips, Ms M Trentini, Ms G M Victor.

### **Likely Developments and Expected Results**

In 2015/2016, the Society is budgeting a minor surplus budget prior to special one-off projects. This is also before any bequest income and profits or losses on the sale of investments. The Society is looking to position itself to be breakeven before bequest income and 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 continues to be to position itself for the implementation of the National Disability Insurance Scheme and focus on implementing its new strategic plan for 2015-2020. Additionally the Society will be working closely with Deaf Children Australia in relation to co location at new premises and the establishment of a Deaf Centre.

### **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 as required by the Australian Charities and Not-for-profits Commissions Act 2012 is set out on page 6.

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: 25<sup>th</sup> August 2015

**Auditor's Independence Declaration  
To the directors of Victorian Deaf Society Ltd**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2015 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*ShineWing Australia*

SHINEWING AUSTRALIA (formerly MOORE STEPHENS)  
Chartered Accountants

*Scott Phillips*

Scott Phillips  
Partner  
Melbourne, 25 August 2015

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015	2014
		\$	\$
<b>Revenue and other income</b>			
Government grants		5,564,621	5,442,679
Accommodation fees		52,110	50,433
Income from sale of goods and services		4,228,630	3,383,688
Property and investment income		1,861,339	584,753
Donations, bequests and fundraising		260,362	331,531
Other income		16,366	12,391
Profit/(Loss) from sale of assets		(8,697)	4,764
Profit from sale of investments		496,042	278,231
	2	12,470,773	10,088,470
<b>Expenses</b>			
Community support		(2,325,746)	(1,921,824)
Information		(415,766)	(357,530)
Interpreting		(2,623,083)	(1,755,031)
Auslan training		(158,839)	(130,413)
Employment services		(1,836,785)	(1,877,402)
Audiology & rehabilitation		(1,813,461)	(1,716,094)
Fundraising & marketing		(270,688)	(252,273)
Central administration		(1,603,159)	(1,304,486)
Special projects		(53,792)	(137,152)
Provision for special projects		(447,751)	(276,902)
Investment expenses		(51,358)	(45,723)
		(11,600,428)	(9,774,830)
<b>Profit from continuing operations</b>	2,3	870,345	313,640
Profit/(Loss) from assets available for sale		7,535,537	(177,282)
<b>Profit for the year</b>	15(c)	8,405,882	136,358
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Movement from restatement to fair value of available for sale financial assets		(711,915)	362,419
<b>Total comprehensive income for the year</b>		7,693,967	498,777

**The accompanying notes form part of these financial statements**



**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	256,978	366,411
Trade and other receivables	5	1,662,162	599,412
Inventories	6	47,038	30,488
Financial assets	7	23,342,825	8,943,129
Available for sale property plant and equipment	8	-	7,154,868
Other financial assets held in trust	9	17,071	14,314
Other current assets	10	191,724	105,145
<b>TOTAL CURRENT ASSETS</b>		<b>25,517,798</b>	<b>17,213,767</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	666,802	782,571
<b>TOTAL NON-CURRENT ASSETS</b>		<b>666,802</b>	<b>782,571</b>
<b>TOTAL ASSETS</b>		<b>26,184,600</b>	<b>17,996,338</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	768,429	619,126
Payables – held in trust	13	17,071	14,314
Provisions	14	1,672,401	1,259,897
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,457,901</b>	<b>1,893,337</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	560,050	630,319
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>560,050</b>	<b>630,319</b>
<b>TOTAL LIABILITIES</b>		<b>3,017,951</b>	<b>2,523,656</b>
<b>NET ASSETS</b>		<b>23,166,649</b>	<b>15,472,682</b>
<b>EQUITY</b>			
Fair value reserve	15(a)	487,511	1,199,426
Development reserve	15(b)	200,000	200,000
Retained earnings	15(c)	22,479,138	14,073,256
<b>TOTAL EQUITY</b>		<b>23,166,649</b>	<b>15,472,682</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2015**

	Fair Value Reserves	Development Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
<b>Balance as at 30 June 2013</b>	837,007	200,000	13,936,898	14,973,905
Profit for the year	-	-	136,358	136,358
Changes in fair value of an available-for-sale financial assets, net of tax	362,419	-	-	362,419
<b>Total comprehensive income for the year</b>	362,419	-	136,358	498,777
<b>Balance as at 30 June 2014</b>	1,199,426	200,000	14,073,256	15,472,682
Profit for the year	-	-	8,405,882	8,405,882
Changes in fair value of an available-for-sale financial assets, net of tax	(711,915)	-	-	(711,915)
<b>Total comprehensive income for the year</b>	(711,915)	-	8,405,882	7,693,967
<b>Balance as at 30 June 2015</b>	487,511	200,000	22,479,138	23,166,649

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from government and customers		11,481,222	10,208,618
Payments to suppliers and employees		(12,709,639)	(10,468,307)
Interest received		201,816	140,146
Dividends and distributions received		545,310	371,339
Donations, bequests and fundraising		260,362	331,531
Net cash provided by/(used in) operating activities		<u>(220,929)</u>	<u>583,327</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		14,955,105	107,050
Proceeds from sale of investments		2,066,020	2,474,944
Payment for property, plant & equipment		(228,040)	(345,391)
Payment for investments		(16,681,589)	(2,618,802)
Net cash provided by/(used in) investing activities		<u>111,496</u>	<u>(382,199)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net cash provided by/(used in) financing activities		<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		<b>(109,433)</b>	<b>201,128</b>
Cash at the beginning of the financial year		366,411	165,283
<b>Cash at the end of the financial year</b>	<b>4</b>	<u><b>256,978</b></u>	<u><b>366,411</b></u>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

**for the year ended 30 June 2015**

### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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.

#### **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 and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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. The company is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. 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 company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Summary of the significant accounting policies:**

##### **(a) 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.

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

## Notes to the Financial Statements

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

Victorian Deaf Society receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received

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

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).

#### (b) Inventories

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

#### (c) Property, plant and equipment

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 profit or loss and other 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:

	2015	2014
Buildings:	33 years	33 years
Plant and equipment:	2 to 10 years	2 to 10 years

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.

The property at 340 Albert Street has been identified as an available for sale current asset as at 30<sup>th</sup> June 2014. The property is shown at its net carrying value as it is lower than the realisable value.

#### (d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### (e) 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.

## Notes to the Financial Statements

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

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. Any excess is recognised in profit or loss unless the asset is carried at revalued amount under another standard. 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.

#### (f) 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.

#### (g) 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.

#### (h) 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.

#### (i) Financial instruments

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value (refer to Note 1(o)), amortised cost using the effective interest method, or cost.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

## Notes to the Financial Statements

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

#### (ii) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

#### (iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

#### **Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

#### **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 entity 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.

#### (j) **Comparatives**

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

## Notes to the Financial Statements

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

#### **(k) Critical accounting estimates and judgements**

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 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 (i)), 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 managers. The determination of impairment includes consideration of pricing movements, and the underlying characteristics of the investments.

#### **(l) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown with short-term borrowings in current liabilities on the statement of financial position.

#### **(m) 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).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### **(n) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the company 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.

#### **(o) Fair value of assets and liabilities**

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company 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



**Notes to the Financial Statements**

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

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).

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.

The fair value of liabilities and the entity's own equity instruments (if any) 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.

**2. TOTAL REVENUE AND OTHER INCOME**

	2015	2014
	\$	\$
<b>Continuing operations</b>		
<b>Grants and fundraising</b>		
Federal government grants	1,952,398	2,174,302
State government operating grants	3,612,223	3,268,377
Donations, bequests and fundraising	260,362	331,531
	5,824,983	5,774,210
<b>Revenue</b>		
Accommodation fees	52,110	50,433
Income from sale of goods	1,198,306	1,174,679
Income from services	3,030,324	2,209,009
Rent	36,928	54,525
Interest income	494,214	153,293
Dividend and distribution income	1,330,197	376,935
Sundry income	16,366	12,391
	6,158,445	4,031,265
<b>Gains</b>		
Profit from sale of assets	(8,697)	4,764
Profit/(Loss) from sale of investments	496,042	278,231
	487,345	282,995
<b>Total income from continuing activities</b>	12,470,773	10,088,470
Income from assets available for sale	7,795,809	552,499
<b>Total revenue and other income</b>	20,266,582	10,640,969

**Notes to the Financial Statements**

**3. PROFIT FOR THE YEAR**

	2015	2014
	\$	\$
Profit/(Loss) from continuing operations have been determined after the following specific expenses;		
Depreciation of non-current assets		
- plant and equipment	255,007	277,874
Cost of sales of goods	525,543	488,190
Rent	997,124	386,038
Employee benefits	7,888,678	6,901,006

Profit/(Losses) on disposal of assets available for sale have been determined after the following specific expenses;

Depreciation of non-current assets		
- property	-	292,056
- plant and equipment	-	16,253
Other expenses	260,273	421,472

**4. CASH AND CASH EQUIVALENTS**

Cash at bank	250,828	360,061
Cash on hand	6,150	6,350
	256,978	366,411

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Trade debtors	407,118	304,336
Impairment loss	(8,000)	(8,000)
	399,118	296,336
Other receivables	1,263,044	303,076
	1,662,162	599,412

**(a) Provision for Impairment of Receivables**

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 July 2013	8,000
- Charge for the year	-
- Written off	-
Provision for impairment as at 30 June 2014	8,000
- Charge for the year	-
- Written off	-
Provision for impairment as at 30 June 2015	8,000

**6. INVENTORIES**

**Current**

	2015	2014
	\$	\$
Finished goods at cost	47,038	30,488
	47,038	30,488

**7. FINANCIAL ASSETS**

**Current**

Available-for-sale financial assets	23,342,825	8,943,129
	23,342,825	8,943,129

**Notes to the Financial Statements**

**8. AVAILABLE FOR SALE PROPERTY PLANT AND EQUIPMENT**

	2015	2014
	\$	\$
Freehold land at cost	-	1,455,000
Buildings and improvements at written down value	-	5,681,561
Plant and equipment at written down value	-	18,307
<b>Total available for sale property plant and equipment</b>	<b>-</b>	<b>7,154,868</b>

**Valuation of land and buildings**

The property at 340 Albert Street was sold on 1<sup>st</sup> July 2014 and settled on 1<sup>st</sup> September 2014. The directors have reclassified the property and its associated plant and equipment as a current asset – available for sale as at 30<sup>th</sup> June 2014. The property is shown at its net carrying value as it is lower than the realisable value.

**9. FINANCIAL ASSETS HELD IN TRUST**

**Current**

Deposits	17,071	14,314
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**10. OTHER ASSETS**

**Current**

Prepayments	191,724	105,145
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**11. PROPERTY PLANT AND EQUIPMENT**

Plant and equipment at cost	2,238,083	2,214,135
Accumulated depreciation	(1,571,281)	(1,431,564)
	666,802	782,571
<b>Total Property, Plant and Equipment</b>	<b>666,802</b>	<b>782,571</b>

**Movements in Carrying Amounts**

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 \$
<b>2015</b>			
Balance at the beginning of the year	-	782,571	782,571
Additions	-	228,040	228,040
Transfer to available for sale assets	-	-	-
Disposals	-	(88,802)	(88,802)
Depreciation expense	-	(255,007)	(255,007)
<b>Carrying amount at the end of the year</b>	<b>-</b>	<b>666,802</b>	<b>666,802</b>

**Notes to the Financial Statements**

**12. TRADE AND OTHER PAYABLES**

	2015	2014
	\$	\$
<b>Current</b>		
Trade creditors	490,662	375,120
Accrued expenses	127,243	117,742
Income received in advance	150,524	126,264
	768,429	619,126
<b>Financial liabilities cost classified as trade and other payables</b>		
	\$	\$
Trade and other payables		
- Total current	768,429	619,126
- Total non-current	-	-
	768,429	619,126
Less: Income received in advance	(150,524)	(126,264)
	617,905	492,862

**13. PAYABLES – HELD IN TRUST**

	2015	2014
	\$	\$
Clients' trust funds	17,071	14,314

**14. PROVISIONS**

<b>Current</b>		
Employee benefits	1,125,937	887,238
Interpreting - Regis	60,000	60,000
Other	43,500	-
Special projects	442,964	312,659
	1,672,401	1,259,897
<b>Non-current</b>		
Employee entitlements	105,250	99,261
Interpreting - Regis	454,800	531,058
	560,050	630,319

	Employee Benefits	Interpreting – Regis	Special Projects	Total
	\$	\$	\$	\$
Analysis of total provisions:				
Opening balance at 1 July 2014	986,499	591,058	312,659	1,890,216
Additional provision raised during the year	312,929	-	447,751	760,680
Amounts used	(24,741)	(76,258)	(317,446)	(418,445)
Balance at 30 June 2015	1,274,687	514,800	442,964	2,232,451

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

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company 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 company 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**

**14. PROVISIONS (Cont'd)**

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. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

**15. RESERVES AND RETAINED EARNINGS**

	Notes	2015 \$	2014 \$
Fair value reserve	15(a)	487,511	1,199,426
Development reserve	15(b)	200,000	200,000
Retained Earnings	15(c)	22,479,138	14,073,256
<b>(a) Fair value reserve</b>			
(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		1,199,426	837,007
Movement during the year		(711,915)	362,419
Balance at the end of year		487,511	1,199,426
<b>(b) Development reserve</b>			
(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	200,000
Balance at the end of the year		200,000	200,000
<b>(c) Retained earnings</b>			
Retained earnings at the beginning of the year		14,073,256	13,936,898
Net Profit/(Loss)		8,405,882	136,358
Retained earnings at the end of the financial year		22,479,138	14,073,256

**16. CAPITAL AND LEASING COMMITMENTS**

	2015 \$	2014 \$
<b>(a) Operating lease commitments as lessee</b>		
Commitments for non-cancellable operating leases are payable as follows:		
Payable		
- not later than one year	761,180	271,353
- later than one year and not later than five years	206,372	234,323
	967,552	505,676
The non-cancellable leases are for rental premises at various sites. All rents are payable monthly in advance.		
<b>(b) Operating lease commitments as lessor</b>		
Commitments for non-cancellable operating leases are receivable as follows:		
Receivable		
- not later than one year	-	49,726
- later than one year and not later than five years	-	-
	-	49,726

## Notes to the Financial Statements

### 16. CAPITAL AND LEASING COMMITMENTS (cont'd)

The non-cancellable operating lease receivables as lessor are for rental premises at 340 Albert Street, East Melbourne. This property is identified in Notes 8 and 11. The property is noted as an available for sale current asset with a signed contract for sale settling on 1<sup>st</sup> September 2014. Lease commitments as lessor reflect receivables to 31<sup>st</sup> August 2014.

(c) Capital commitments

The Society has no capital commitments at the 30th June 2015.

### 17. AUDITORS' REMUNERATION

	2015	2014
	\$	\$
Remuneration of the auditor for:		
- an audit of the financial report	24,000	24,200
- other services in relation to the entity	10,000	10,000
	34,000	34,200

Other services to the auditor were in relation to transactional reviews.

### 18. RELATED PARTY TRANSACTIONS

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

R E M Adam	S J Patterson
P G Berg	M T Pierce
H Fisher	R Reddy
K G Fowler	C A Santo
R J Kennedy	P J Saunders
W K Miller	

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

### 19. KEY MANAGEMENT PERSONNEL COMPENSATION

	2015	2014
	\$	\$
Compensation	1,212,161	1,185,008

### 20. EVENTS OCCURRING AFTER REPORTING DATE

There were no significant events occurring after balance date.

### 21. 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 2015, approximately 45% or \$5,564,621 (2014 - 51% or \$5,442,679) of the company's revenue was sourced from the Federal and Victorian State Governments.

### 22. 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 2014, the fund had notional excess in assets of \$34,103. The Fund Trustee is yet to determine the position for 30 June 2015; Victorian Deaf Society could be liable for any shortfall.

## Notes to the Financial Statements

### 23. CONTINGENT LIABILITIES AND ASSETS

	2015	2014
	\$	\$
Estimates of the potential financial effect of contingent liabilities that may be payable:	-	-
Claims:	-	-

### 24. FINANCIAL RISK MANAGEMENT

The company'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	2015	2014
		\$	\$
<b>Financial assets</b>			
<i>Loans and receivables</i>			
Cash and cash equivalents	4	256,978	366,411
Loans and receivables	5	1,662,162	599,412
Financial assets held in trust	9	17,071	14,314
Available-for-sale financial assets	7	23,342,825	8,943,129
<b>Total financial assets</b>		<b>25,279,036</b>	<b>9,923,266</b>
<b>Financial liabilities</b>			
- trade and other payables	12	768,429	619,126
- payables – held in trust	13	17,071	14,314
<b>Total financial liabilities</b>		<b>785,500</b>	<b>633,440</b>

Refer to Note 25 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

### 25. FAIR VALUE MEASUREMENTS

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	Note	2015	2014
		\$	\$
<b>Recurring fair value measurements</b>			
<i>Financial assets</i>			
Available-for-sale financial assets		23,342,825	8,943,129
<i>Property, plant and equipment</i>			
Freehold land		-	1,455,000
Freehold buildings		-	5,681,561
Plant and equipment		-	18,307
		-	7,154,868

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

**Directors' Declaration**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 22, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012:
  - (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 2015 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 25th day of August 2015



## **INDEPENDENT AUDITOR'S REPORT**

### **TO VICTORIAN DEAF SOCIETY LTD**

#### **Report on the Financial Report**

We have audited the accompanying financial report of Victorian Deaf Society Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 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 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 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 about 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 of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

*Opinion*

In our opinion:

- (a) the financial report of Victorian Deaf Society is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*.
  - (i) Giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on a later date.
  - (ii) Complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (b) compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

*ShineWing Australia*

SHINEWING AUSTRALIA (formerly MOORE STEPHENS)  
Chartered Accountants



Scott Phillips  
Partner

Melbourne, 25 August 2015