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# GUIDE DOGS VICTORIA ORGANISATIONAL STRUCTURE

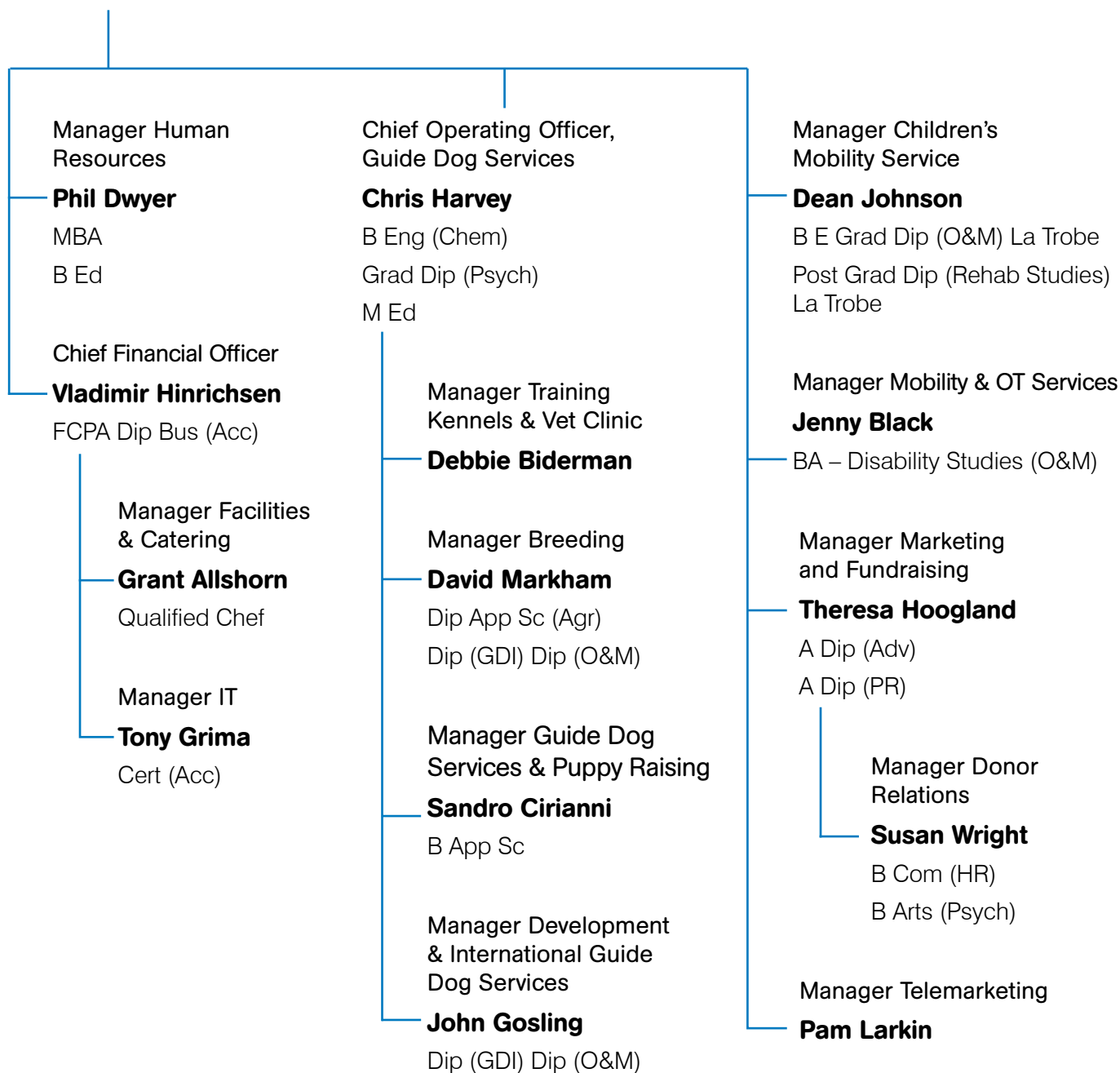


Chief Executive Officer

**Dr Graeme White**

PhD BSc (Hons)

Consumer Advisory Council



## PATRONS & OFFICE BEARERS

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<b>Patron</b>	Professor David de Kretser, AO, Governor of Victoria
<b>Vice Patrons</b>	Mr G W Duxbury OAM Mrs E H Rechter OAM
<b>President</b>	Murray L Walker
<b>Vice President</b>	John O'Connor
<b>Honorary Treasurer</b>	Russell Walker
<b>Secretary</b>	Dr Graeme P White
<b>Solicitors</b>	Keelins Lawyers
<b>Auditor</b>	Moore Stephens
<b>Bank</b>	Australia and New Zealand Banking Group Limited

## BOARD OF DIRECTORS

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**HIS HONOUR JUDGE  
FRANCIS J SHELTON**  
BA, LLB

- Appointed to the Board in November 1995
- County Court Judge
- Previously a National President and Honorary Fellow of the Institute of Arbitrators and Mediators Australia
- Honorary Fellow of the Australian Property Institute
- Past Chairman of Genazzano FCJ College Limited.

**JOHN M O'CONNOR**  
(Vice President)  
FCPA, MAICD, B.Bus (Acct'g),  
M.MKTG

- Appointed to the Board in August 2004
- Commercial Director for Australian Globally Focused Technology Organisation
- Previously Chief Financial Officer of Australian Red Cross
- Fellow of CPA Australia and a Member of the Australian Institute of Company Directors

**A DAVID HUME**

- Appointed to the Board in November 1995
- Human Resources professional for more than 25 years
- Interest in recruitment consultancy and POS advertising
- Has a vision impairment and been a Guide Dogs Victoria client since 1961

**RUSSELL A WALKER**  
(Treasurer)  
FCPA, Dip Bus (Acct'g), Grad  
Dip (Govt Acct'g)

- Appointed to the Board in May 1997
- Consultant specialising in governance, auditing and financial and performance reporting
- Spent 20 years as Assistant Auditor General of Victoria and was a Commissioner on the Victorian Commission of Audit
- Fellow of CPA Australia
- Director of the Royal Guide Dog Association of Australia
- Long term Puppy Raiser for Guide Dogs Victoria

The names and details of the company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

\* Full biographies of board members can be found at <http://www.guidedogsvictoria.com.au/board-of-directors>



**RAMONA MANDY**

BA HONS (Linguistics)

- Appointed to the Board in February 2006
- Senior Blindness Products Consultant for HumanWare Australia
- Has a vision impairment and been a Guide Dog handler for over 20 years

**COLIN J JACKSON**

OAM, DIPCOM, DIPMgmt. Science (Post-Grad UK), FCPA, FAICD, FCA

- Appointed to the Board in 1992
- Director of Sonic Healthcare Ltd, The Independent Practitioner Network Ltd, University of Tasmania Foundation and the Tasmanian division of the Australian Olympic Committee
- Chairman of the Board of the Tasmanian Symphony Orchestra Foundation
- Chair of the Board of Directors of Aotea Pathology Ltd

**MURRAY L WALKER**

(President)  
FCPA, CA(NZ), ACIS

- Appointed to the Board in February 1992
- Appointed President in February 2006
- Co-founder and Director of Douglas Walker International
- Fellow of CPA Australia
- Regional Director of Agilium Worldwide LLC (formerly The World Executive Search Group)

**MERVYN E TAPPENDEN**

B.Bus (Acct'g), Grad Dip (Acct'g)

- Appointed to the Board in November 2009
- Previously Finance Director for Webco Australia Pty Ltd and Financial Controller in various divisions of Pacific Dunlop
- Associate of CPA Australia and Associate of the Institute of Chartered Secretaries & Administrators
- Guide Dogs Victoria Visionary Donor, Puppy Sponsor and Volunteer

**DR MICHAEL S SMITH**

MB, BS(TAS), FRANZCR

- Appointed to the Board in September 2001
- Diagnostic Radiologist in Private Practice and has a vision impaired son who is a long-term client of Guide Dogs Victoria
- President of the Royal Guide Dogs for the Blind Association of Tasmania from 1987 to 1994

## TREASURER'S REPORT 2010

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On behalf of the Board, it is my pleasure to present to the members of Guide Dogs Victoria our financial results for the financial year ended 30 June 2010.

When analysing our financial results, it needs to be kept in mind that at the time of the recent economic downturn, the Board took a view that no services should be reduced as a result of the negative impact on fundraising, and that any income shortfalls would be covered by our reserves built up modestly over a period of time. Our aim going forward is to grow our revenues and to continue to enhance our cost effectiveness so that we can meet the increasing demand for our services.

During the 2009/10 financial year our revenues totalled \$11,757,000, an increase over the previous financial year of \$526,000. However, our operating result for the 2009/10 financial year was a net loss of \$178,000 but this was an improvement on the previous financial year when we recorded a net loss of \$874,000. The improvement in the operating result was mainly derived from increased revenue from the sale of goods, mainly from telemarketing, of \$335,000 and increased revenue from appeals, donations and bequests of \$171,000.

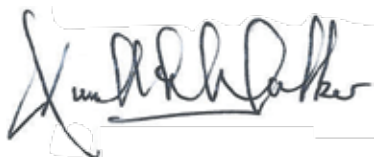
Our revenue for the 2009/10 financial year also includes funds raised from our Capital Appeal for the expansion and redevelopment of our Kennel Centre which totalled \$357,000 (\$165,000 in 2008/09), bringing the total raised to date to \$1,535,000. I pass on our sincere appreciation to the work of our Capital Appeal Committee and to all our donors and supporters who have generously given to our Capital Appeal.

From a cash flow perspective, for the 2009/10 financial year the net cash used in operating activities totalled \$860,000 compared with \$1,080,000 for the previous financial year. The main difference between our net loss and the net cash used in operating activities for the 2009/10 financial year is the recognition in accordance with our accounting policies of bequest revenue totalling \$834,000 even though this will be received in the 2010/11 financial year.

Our net asset position has remained stable at \$10,506,000, together with our working capital position with current assets exceeding current liabilities by \$4,816,000.

At balance date our strategic and operating cash reserves, including investments, was \$6,061,000. This healthy level of strategic and operating cash reserves built up over a period of time has enabled us to adopt our current policy of continuing to provide the same level of services during the recent economic downturn, and also to enhance our physical infrastructure.

Finally, I would like to extend a special thanks to the management and staff who show great commitment and dedication to the people we support. Last but not least, I would also like to extend my sincere thanks to our donors, bequestors, volunteers and other supporters who all make significant contributions to our organisation in various ways, which ensures that we remain in a sound financial position and assist us greatly in providing our programs to Victorians who are blind and vision impaired.



**Russell A Walker**

Honorary Treasurer

## HOW INCOME WAS RAISED

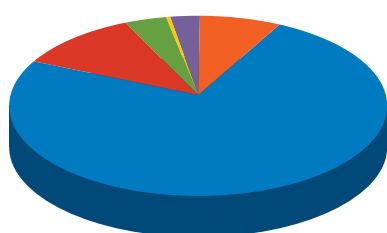
	2010 \$	2009 \$	2008 \$	2007 \$
Sale of Goods (Net)	713,927	439,002	614,345	654,949
Appeals, Donations & Bequests	6,523,918	6,352,795	7,657,971	8,127,854
Govt. Grants Fee for Service	1,023,094	1,063,336	1,008,038	951,857
Capital Appeal	357,304	164,500	1,013,000	0
Other Revenue	25,437	42,275	27,091	24,758
Finance Revenue	258,461	370,408	528,993	432,628
<b>TOTAL</b>	<b>8,902,141</b>	<b>8,432,316</b>	<b>10,849,438</b>	<b>10,192,046</b>

## HOW INCOME WAS USED

	2010 \$	2009 \$	2008 \$	2007 \$
Client Services	6,083,127	5,864,149	6,008,654	5,080,871
Community Information	434,347	472,008	616,204	525,584
Public Education	372,930	419,744	377,489	588,176
Fundraising & Bequest	1,427,529	1,640,108	1,660,183	1,578,017
Corporate Services	797,990	841,010	815,031	806,538
Valuation of Guide Dogs - movements	(36,045)	68,820	468,526	92,692
Net Income/(Loss)	(177,737)	(873,523)	903,351	1,520,168
<b>TOTAL</b>	<b>8,902,141</b>	<b>8,432,316</b>	<b>10,849,438</b>	<b>10,192,046</b>

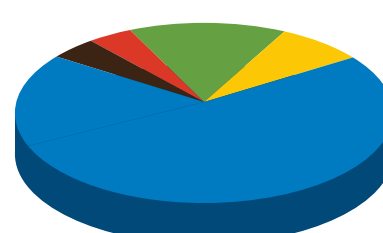
	%	%	%	%
<b>COST RATIO</b> (% of Gross Revenue)				
Government Funding	8.4	8.6	6.7	6.9
Cost of Administration	6.8	7.5	5.9	6.1
Cost of Fundrasing	12.1	14.6	12.0	12.0
Cost of Community Education	3.2	3.7	2.7	4.5

**How income was raised**



- Appeals, donations & Bequest
- Sale of Goods
- Finance Revenue
- Other Revenue
- Capital Appeal
- Govt. Grants Fee for Service

**How income was used**



- Client Services
- Community Information
- Public Education
- Fundraising & Bequests
- Corporate Services

# DIRECTOR'S REPORT

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In order to comply with the provisions of the Corporations Law, the Directors of Guide Dogs Victoria report as follows:

## 1. PRINCIPAL ACTIVITIES

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The principal activities of Guide Dogs Victoria in the course of the financial year were directed toward raising funds for the breeding and training of Guide Dogs and the provision of mobility rehabilitation services for Victorians who are blind or vision impaired.

## 2. OPERATING RESULTS

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Total revenue from continuing operations of \$11,757,022 was recorded, an increase over the previous year of \$525,879 recording a net loss of \$177,737 (2009: net loss \$873,523). Revenue includes funds raised from our Capital Appeal for the redevelopment of our Kennel Centre of \$357,304 bringing the total raised to date to \$1,534,804.

## 3. REVIEW OF OPERATIONS

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A review of the operations of Guide Dogs Victoria during the financial year and the results of those operations is contained in the published Annual Report.

## 4. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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During the year there were no significant changes in the state of affairs of Guide Dogs Victoria other than that referred to in the accounts or notes thereto.

## 5. FUTURE DEVELOPMENTS

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During May 2010, five tender responses were received to construct Stage One of the kennel redevelopment project. Stage One of the redevelopment will provide the infrastructure and slab for facilities to house 32 dogs and the kennels for 20 dogs. A review of the tenders has revealed that they have exceeded the original cost estimates projected by the construction consultants, resulting in discussions with the project architect to revisit the design concepts to test the quotes and achieve a more cost effective design for the new kennel facility. At the date of preparing this report, there were no Capital commitments entered into or contracts executed regarding this project.

In November 2009, a collaborative alliance with Guide Dogs NSW/ACT was entered into, a relationship that would provide the opportunities for the organisations to work more closely together and enhance the quality and best possible services to the vision impaired community. The CEO of Guide Dogs Victoria was also appointed CEO of Guide Dogs NSW/ACT.

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In order to comply with the provisions of the Corporations Law, the Directors of Guide Dogs Victoria report as follows:

The objects of the Alliance are:

- Strengthening the Guide Dog brand nationally and its recognition with the Alliance Partners so as to protect and grow their respective revenue streams.
- Achieving improved efficiencies through the sharing of knowledge, joint purchasing and the use of various forms of shared service activities as appropriate.
- Speaking with a unified voice so as to more effectively influence government policy and community attitudes for the benefit of vision impaired persons.

After nearly 10 months of collaboration, considerable progress has been made. About 30 projects have been identified and these projects are expected to produce benefits to our fundraising programs, service delivery model and efficiencies throughout our business units. The two organisations will continue to monitor the progress and the benefits of this collaborative alliance through next year.

## **6. AFTER BALANCE DATE EVENTS**

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No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## **7. INDEMNIFICATION OF OFFICERS**

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During the financial year, the company paid an insurance premium in respect of a contract insuring the Directors of the company (as named on page 6 and 7) and Officers, against liabilities that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of Guide Dogs Victoria or a related body corporate.

The contract of insurance prohibits disclosure of the nature of any liabilities if they arise, and the amount of the premium.

## **8. ENVIRONMENTAL ISSUES**

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

## **9. PROCEEDINGS ON BEHALF OF THE COMPANY**

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The company has not brought any court proceedings nor have any been brought against it during the year.

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## 10. DIRECTORS' BENEFITS

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Under Section 36 of Guide Dogs Victoria's Articles of Association, a Director is compelled to vacate his or her office and cease to be an officer of the company if he or she holds any office of profit in the company, and if he or she is directly or indirectly interested within the meaning of Section 231 of the Corporations Law in any contract with the company or participates in the profits of any contract with the company. As such, there are no Directors' benefits to be disclosed in accordance with Section 309 of the Corporations Law.

## 11. DIRECTORS' MEETINGS

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The number of meetings of Directors (including Audit & Risk Management Committee meetings) held during the year and the number of meetings attended by each Director was as follows:

	<b>Directors Meetings</b>	<b>Audit and Risk Management Meeting</b>
<b>Number of meetings held</b>	<b>9</b>	<b>2</b>
<b>Number of meetings attended</b>		
David Flint (resigned Nov 09)	2	
A David Hume	5	
Colin J Jackson	4	
Ramona Mandy	9	
John M O'Connor	9	2
Francis J Shelton	6	
Mike S Smith	5	
Murray L Walker	9	2
Russel A Walker	9	1
Mervyn Tappenden (joined Nov 09)	4	

# All Directors were eligible to attend.

## COMMITTEE MEMBERSHIP

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As at the date of this report, the company had an Audit & Risk Management Committee. Members of the Board acting on the Committee during the year were:

Russel A Walker (Chairperson)

Colin J Jackson

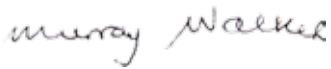
John O'Connor

Murray L Walker

### **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 16.

Signed in accordance with a resolution of the board of directors



**Murray L Walker, President**

Melbourne, 17th September 2010

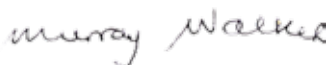
## DIRECTOR'S DECLARATION

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In accordance with a resolution of the Directors of Guide Dogs Victoria (a company limited by guarantee), I state that:

1. In the opinion of the Directors:
  - (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards, and
  - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. In the director's 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.



**Murray L Walker, Director**

Melbourne, 17th September 2010

## CONSUMER ADVISORY COUNCIL

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The Consumer Advisory Council (CAC) was established in 2001 to enhance communication between Guide Dogs Victoria's Board, the CEO and its principle stakeholders. The Council comprises representatives of each of our client service groups, plus external stakeholders and staff.

This year there was a change of members, with some representatives resigning and some new members joining.

CAC meetings were held on:

Saturday 12 September 2009, Saturday 20 February 2010, Saturday 8 May 2010

**Chairman & CEO** Dr Graeme White

**Deputy Chairperson & Client Representative** Ramona Mandy

**Client Representatives** Chris Boyle, Cherie Brand (parent of CMS client), Dorothy Docherty, Pam Haigh, Lyn Taylor, Kate Hughes (parent of CMS client), Mary Wynne, Mark Birkett

**Volunteer Representatives** Anne Rayner (joined the CAC at the 12 September 2009 meeting), Richard Stradwick, Angela Williams

**External Representatives** Geoffrey Bell

**Staff Representatives** Jenny Black, Stewart Blair (resigned from GDV on 31 May 2010)

**Rotating Board Members** David Flint (resigned from GDV in November 2009), Russell Walker, Merv Tappenden

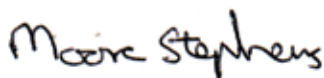
# AUDITOR'S INDEPENDENCE DECLARATION

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## **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Guide Dogs Victoria**

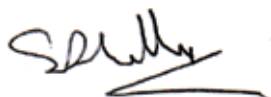
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



**Moore Stephens**

Chartered Accountants



**Scott Phillips**

Partner

Melbourne, 17 September 2010

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>CONTINUING OPERATIONS</b>			
Fundraising			
Appeals, donations and bequests		6,523,918	6,352,795
Sale of goods		3,560,504	3,225,864
Rendering of services		43,561	108,109
Rental revenue		19,691	16,099
Capital Appeal		357,304	164,500
Finance revenue	3	258,461	370,408
Other income	3	993,583	993,368
<b>Revenue from continuing operations</b>		<b>11,757,022</b>	<b>11,231,143</b>
Revaluation of Guide Dog inventory		36,045	(68,820)
Change in inventories of finished goods		(2,692,367)	(2,458,426)
Depreciation and amortisation expense		(298,095)	(305,591)
Community Information		(430,198)	(466,975)
Fundraising & Bequests		(1,410,088)	(1,595,020)
Public Education		(368,560)	(414,271)
Commercial Activities	4(a)	(1,557,541)	(1,574,293)
Corporate Services		(774,823)	(813,253)
Mobility & Guide Dog Services		(4,439,132)	(4,406,977)
Finance costs	4(b)	-	(1,040)
Net (loss) before income tax from continuing operations		(177,737)	(873,523)
Income tax expense	1(d)	-	-
<b>Net (loss) after tax from continuing operations</b>		<b>(177,737)</b>	<b>(873,523)</b>
<b>Other Comprehensive Income</b>			
Net (loss) on revaluation of financial assets		(4,296)	-
Other comprehensive income/(loss) for the year		(4,296)	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(182,033)</b>	<b>(873,523)</b>

The accompanying notes form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	3,317,706	4,593,749
Trades and other receivables	6	1,316,884	522,924
Inventories	7	1,282,015	1,213,951
Financial assets	8	959,712	563,594
<b>TOTAL CURRENT ASSETS</b>		<b>6,876,317</b>	<b>6,894,218</b>
<b>NON CURRENT ASSETS</b>			
Financial Assets	8	983,424	1,141,668
Property, plant and equipment	9	3,908,283	3,987,621
Intangible Assets	10	44,076	48,426
Investment properties	11	800,000	800,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>5,735,783</b>	<b>5,977,715</b>
<b>TOTAL ASSETS</b>		<b>12,612,100</b>	<b>12,871,933</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	877,599	1,086,637
Interest-bearing liabilities	13	-	3,916
Provisions	14	1,183,189	1,010,192
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,060,788</b>	<b>2,100,745</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	46,781	84,624
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>46,781</b>	<b>84,624</b>
<b>TOTAL LIABILITIES</b>		<b>2,107,569</b>	<b>2,185,369</b>
<b>NET ASSETS</b>		<b>10,504,531</b>	<b>10,686,564</b>
<b>ACCUMULATED FUNDS</b>			
Reserves	15(a)(b)	4,995,704	5,000,000
Retained earnings	15(c)	5,508,827	5,686,564
<b>TOTAL ACCUMULATED FUNDS</b>		<b>10,504,531</b>	<b>10,686,564</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

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	Note	Retained Earnings \$	General Reserve \$	Financial Asset Reserve \$	Total \$
Balance as at 1 July 2008		6,253,264	5,000,000	-	11,253,264
Net (loss) during the year		(873,523)	-	-	(873,523)
Adjustment for correction of misstatement	2	306,823	-	-	306,823
<b>Balance as at 30 June 2009</b>		5,686,564	5,000,000	-	10,686,564
Net (loss) during the year		(177,737)	-	-	(177,737)
Other comprehensive income/(loss) for the year		-	-	(4,296)	(4,296)
<b>Balance 30 June 2010</b>		5,508,827	5,000,000	(4,296)	10,504,531

For a description of each reserve refer to Note 15.

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Inflows (Outflows) \$	2009 Inflows (Outflows) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customer (donors)		8,417,544	9,540,039
Payments to supplies and employees		(10,912,972)	(12,096,785)
Finance costs		-	(967)
Interest received	3(a)	126,959	270,093
Capital Appeal donations		357,304	164,500
Special Project donations		141,878	68,844
Receipt of government grants	3(b)	987,837	968,757
Dividends received		21,248	5,074
<b>Net cash used in operating activities</b>	(i)	<b>(860,202)</b>	<b>(1,080,445)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Held-to-Maturity Investments	6	(5,012,603)	(1,496,066)
Proceeds for Held-to-Maturity Investments		4,816,397	-
Proceeds from sale of plant and equipment		343	1,113
Payment of property, plant and equipment	9(a)	(196,952)	(488,961)
Payment of Intangible Assets	10(a)	(19,110)	(32,570)
<b>Net cash used in investing activities</b>		<b>(411,925)</b>	<b>(2,016,484)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease principal		(3,916)	(8,753)
<b>Net cash used in financing activities</b>		<b>(3,916)</b>	<b>(8,753)</b>
Net increase (decrease) in cash held		(1,276,043)	(3,105,682)
Cash at beginning of financial year		4,593,749	7,699,431
Cash at end of financial year	(ii)	3,317,706	4,593,749

The accompanying notes form part of these financial statements

	Note	2010 Inflows (Outflows) \$	2009 Inflows (Outflows) \$
<b>CASH FLOW STATEMENT RECONCILIATION</b>			
(i) Reconciliation of net income/(loss) after tax from continuing operations to net cash used in operating activities			
Net (loss) after tax from continuing operations		(177,737)	(873,523)
Correction of prior period misstatement		-	306,823
<b>Non-Cash Flows</b>			
Depreciation and amortisation			
- Intangible Assets	10(a)	23,460	5,144
- Property, plant and equipment	9(a)	274,635	292,483
- Plant and equipment under lease		-	7,964
Net loss on sale			
- Property, plant and equipment		1,312	3,084
Financial Assets bequeathed		(5,846)	(209,196)
Provisions		135,154	(285,325)
Unrealised gain on financial assets		(40,118)	-
<b>Change in assets and liabilities</b>			
(Increase)/decrease in trade and other receivables		(793,960)	90,734
(Increase)/decrease in inventories		(68,064)	4,665
Decrease in trade and other payables		(209,038)	(423,298)
<b>Net cash used in operating activities</b>		<b>(860,202)</b>	<b>(1,080,445)</b>
(ii) Reconciliation of cash			
Cash balance comprises:			
Cash at bank and in hand	5	3,317,706	4,593,749

The accompanying notes form part of these financial statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Guide Dogs Victoria as an individual company incorporated and domiciled in Australia. Guide Dogs Victoria is a company limited by guarantee. The following summary explains the significant accounting policies that have been adopted in the preparation of these financial statements.

#### a. Basis of Preparation

The financial statements are general-purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian Accounting Interpretations). The financial report has also been prepared on a historical cost basis, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

#### b. Revenue

Revenue is recognised where it can be reliably measured in the period to which it relates. However, where there is not an established pattern of income flow, revenue is recognised on a cash receipt basis.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Bequests are recognised as income when three conditions are met, (1) the company obtains control of the bequest or the right to receive the bequest; (2) it is probable that the economic benefits comprising the bequests will flow to the company and (3) the amount of the bequest can be measured reliably. Bequests received in the form of investments or other non-cash items are taken into account at their fair value.

Dividend revenue is recognised when the right to receive the payment is established.

Rental revenue from investment properties is accounted for on a straight-line basis over the lease term.

Grant revenue is recognised in the Statement of Comprehensive Income when the company obtains control of the grant and it is probable the economic benefits gained from the grant will flow to the company 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.

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

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### **c. Inventories**

Inventory is represented by Guide Dogs on hand and finished goods for merchandise products sold through the commercial activities of the organisation.

Finished goods held for resale is measured at the lower of cost and current replacement value. The cost of finished goods for merchandise comprises costs of acquisition which includes the cost incurred in bringing each product to its present location.

Guide Dogs are valued at the lower of cost and current replacement cost in accordance with Australian Accounting Standards. The Directors are of the view however that these dogs have little intrinsic value as they will not be realised in the normal course of business. Nevertheless, in order to comply with Australian Accounting Standards they have been valued in accordance with AASB 102. The cost of Guide Dog inventories comprises all costs directly related to the production of Guide Dogs with carrying values of Guide Dogs expensed when they are issued to clients or removed from the program.

### **d. Taxes**

#### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of the GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **Income tax**

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

## **e. Financial Instruments**

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the company 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 (i.e. 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 expensed to profit or loss immediately.

### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i the amount at which the financial asset or financial liability is measured at initial recognition;
- ii less principal repayments;
- iii plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv less any reduction for impairment.

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 value with a consequential recognition of an income or expense in profit or loss.

#### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management investment strategy.

Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### (ii) *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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

#### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

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Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable or 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

## **Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## **Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

## **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value 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.

## **f. Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement plus related on-costs.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

**g. Accumulated Funds**

The classification 'Accumulated Funds' has been used in the accounts of Guide Dogs Victoria as it is a company limited by guarantee and has no shareholders. It is the Directors' opinion that the use of the classification 'Shareholders Equity' would be misleading.

**h. Property, Plant and Equipment**

All items of property, plant and equipment are carried at the lower of cost, less accumulated depreciation and impairment losses.

All acquisitions of property, plant and equipment are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to acquisition.

Property, plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

Property, plant and equipment is depreciated on a straight line or reducing balance method over the expected useful lives of the assets commencing from the time the asset is held ready for use. The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Useful Life
Property	50 years
Plant and equipment	3-10 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**i. Investment Property**

Investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at the fair value determined at the time the property was first recognised. No adjustment to carrying value has been made.

**j. Impairment of Assets**

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

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## **k. Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Leases of plant and equipment under which the company assumes substantially all of the risks and benefits of ownership, are classified as financial leases. Other leases are classified as operating leases.

Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The lease asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the economic company will obtain ownership of the asset, the life of the asset. There was no lease assets held at the reporting date.

## **l. Trade and other Receivables**

Trade and other receivables are recognised and carried at original invoice amount less a provision for any impairment. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

## **m. Trade and Other Payables**

Liabilities for trade creditors and other payables are recognised and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Payables to related parties are carried at the principal amount.

## **n. Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, and any short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

For purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

## **o. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical knowledge and other factors including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **p. Intangibles**

Computer software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of three years. It is assessed annually for impairment.

**q. Financial Risk Management**

The company's activities are confined to investment in cash and cash equivalent assets. The Board holds a long-term view of investing, and holds cash equivalent assets to maturity. The Board keeps informed of market risks through monthly meetings, and there has been no significant change in the strategy used to manage financial risk from the previous period.

**r. Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**s. Adoption of New and Revised Accounting Standards**

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Guide Dogs Victoria.

**AASB 101 : Presentation of Financial Statements**

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and their impact on the company's financial statements.

*Disclosure impact*

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the Statement of Comprehensive Income. The previous version of AASB 101 required that the owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of Comprehensive Income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the Statement of Comprehensive Income, or two statements, a separate income statement and a Statement of Comprehensive Income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a Statement of Comprehensive Income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards.

Items of other comprehensive income are to be disclosed in the Statement of Comprehensive Income.

Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

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## **t. New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company as follows:

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 108, 112, 118, 121, 127, 128, 131, 132, 136, 1023, & 1038 and interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements

- simplifying the classification of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- requiring financial assets to be reclassified where there is a change in a company's business model as they are initially classified based on (a) the objective of the company's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

AASB 2009-5: Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards

The financial report was authorised for issue on the 17th September 2010 by the board of directors.

**2. CORRECTION OF PRIOR PERIOD MISSTATEMENT**

In the financial year ended 30 June 2010, provisions and accruals carried for the future expenditures of infrastructure projects and public relations initiatives were derecognised, where the provisions and accruals did not meet the definition under the relevant standard.

As these balances existed in 2009, the adjustment has been recognised in the 2009 financial year, which has resulted in an amendment to the following line items for the year ended 30 June 2009:

	Actual 2009 \$	Correction \$	Corrected Actual 2009 \$
<b>Balance sheet extract</b>			
<b>Current liabilities</b>			
Trade and other payables	1,197,980	(111,343)	1,086,637
Provisions	1,205,672	(195,480)	1,010,192
<b>Total Current Liabilities</b>	<b>2,407,568</b>	<b>(306,823)</b>	<b>2,100,745</b>
<b>Total Liabilities</b>	<b>2,492,192</b>	<b>(306,823)</b>	<b>2,185,369</b>
<b>Net Assets</b>	<b>10,379,741</b>	<b>306,823</b>	<b>10,686,564</b>
<b>Retained earnings</b>	<b>5,379,741</b>	<b>306,823</b>	<b>5,686,564</b>
<b>Total Accumulated Funds</b>	<b>10,379,741</b>	<b>306,823</b>	<b>10,686,564</b>

### 3. REVENUE

	Note	2010 \$	2009 \$
<b>Revenue and Expenses for continuing operations</b>			
<b>(a) Finance revenue</b>			
Bank interest		126,959	270,093
Income from Investments		131,502	100,315
<b>Total finance revenue</b>		<b>258,461</b>	<b>370,408</b>
<b>(b) Other income</b>			
Government grants		987,837	968,757
Other		5,746	24,611
<b>Total other income</b>		<b>993,583</b>	<b>993,368</b>

Various government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attaching to these grants.

Guide Dogs Victoria also receives government grants in relation to the provision of services as set out in its agreement with DHS (Department of Human Services). Guide Dogs Victoria has met all its obligations under this agreement.

### 4. EXPENSES

	Note	2010 \$	2009 \$
(a) Bad & doubtful debts arising from commercial activities		17,595	31,694
(b) Finance charges payable under finance leases		-	1,040

### 5. CASH AND CASH EQUIVALENTS

	Note	2010 \$	2009 \$
Cash at bank		3,311,686	4,585,549
Cash at hand		6,020	8,200
		<b>3,317,706</b>	<b>4,593,749</b>

Cash at bank earns interest at a daily rate linked to the official Reserve Bank cash rates.

**6. TRADE AND OTHER RECEIVABLES**

	Note	2010 \$	2009 \$
Trade receivables	(i)	276,754	289,582
Provision for impairment	(ii)	(9,099)	(15,837)
		<b>267,655</b>	<b>273,745</b>
Prepayments		128,060	140,980
Sundry receivables		880,448	32,078
Related party receivables	(iii)	19,221	23,236
Goods and services tax	(iv)	21,500	52,885
<b>Total carrying amount of trade and other receivables</b>		<b>1,316,884</b>	<b>522,924</b>

- (i) Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. A provision for impairment is recognised when there is objective evidence that a trade receivable is impaired.

As at 30 June, the aged analysis of trade receivables is as follows:

	Total	0 - 30 days	31 - 60 days	61 - 90 days	90 + days
2010	276,754	210,647	41,497	18,904	5,706
2009	289,582	239,742	31,636	12,779	5,425

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The above table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

Other balances within trade and other receivables (excluding those where a provision for impairment has been recognised) do not contain impaired assets and are not past their due date. It is expected that these other balances will be received when due.

- (ii) Movement in the provision for impairment of receivables is as follows:

	Note	2010 \$	2009 \$
As at 1 July		15,387	11,182
Charge for the year	4(a)	17,595	31,694
Receivables written off		(23,883)	(27,039)
<b>As at 30 June</b>		<b>9,099</b>	<b>15,837</b>

An allowance for impairment loss of \$17,595 has been recognised for the current year for specific debtors for which such evidence exists

(iii) Includes an amount of \$833,813 in bequests which have been recognised as income at balance date arising from a controlling interest in a forthcoming share distribution from two known estates. The criteria in recognising these bequests are in accordance with company's accounting policies as outlined in Note 1(b).

(iv) For terms and conditions relating to related party receivables refer to Note 21.

## 7. INVENTORIES

	Note	2010 \$	2009 \$
Finished goods at cost	1(c)	158,847	126,828
Guide dogs at lower cost and current replacement cost	1(c)	1,123,168	1,087,123
		1,282,015	1,213,951

## 8. FINANCIAL ASSETS

	Note	2010 \$	2009 \$
<b>Current</b>			
Financial assets available-for-sale	(i)	237,734	209,196
Held-to-maturity financial assets	(ii)	721,978	354,398
		959,712	563,594
<b>Non-Current</b>			
Held-to-maturity financial assets	(iii)	983,424	1,141,668
(i) Available-for-sale Australian listed shares securities in listed corporations held for the long term to generate income through the receipt of dividends and capital gains.		237,734	209,196
(ii) Government Bonds and Commercial Bank Bills to be raised in the coming 12 months		721,978	354,398
(iii) Government Bonds and Commercial Bank Bills to be raised beyond the next 12 months		983,424	1,141,668

**9. PROPERTY, PLANT AND EQUIPMENT**

	Note	2010 \$	2009 \$
<b>Buildings</b>			
At cost		3,640,890	3,530,154
Less accumulated depreciation		(396,547)	(325,476)
<b>Total Buildings</b>	(a)	<b>3,244,343</b>	<b>3,204,678</b>
<b>Plant and equipment</b>			
At cost		1,988,954	1,924,839
Less accumulated depreciation		(1,325,014)	(1,141,896)
<b>Total Plant and Equipment</b>	(a)	<b>663,940</b>	<b>782,943</b>
<b>Plant and equipment under lease</b>			
At cost		-	39,821
Less accumulated depreciation		-	(39,821)
<b>Total Plant and Equipment under lease</b>	(a)	<b>-</b>	<b>-</b>
<b>Total property, plant and equipment</b>			
At cost		5,629,844	5,494,814
Accumulated depreciation		(1,721,561)	(1,507,193)
<b>Total Property, Plant &amp; Equipment</b>		<b>3,908,283</b>	<b>3,987,621</b>

	Note	2010 \$	2009 \$
<b>(a) Movements in carrying amounts</b>			
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.			
<b>Buildings</b>			
Carrying amount at beginning		3,204,678	2,943,881
Additions at cost		110,734	325,789
Depreciation expense		(71,069)	(64,992)
Net carrying amount		3,244,343	3,204,678
<b>Plant and equipment</b>			
Carrying amount at beginning		782,943	851,459
Additions at cost		86,218	163,172
Disposals		(1,655)	(4,197)
Depreciation expense		(203,566)	(227,491)
Net carrying value		663,940	782,943
<b>Plant and equipment under lease</b>			
Carrying amount at beginning		-	7,964
Additions at cost		-	-
Amortisation charge for the year		-	(7,964)
Net carrying value		-	-

**10. INTANGIBLE ASSETS**

	Note	2010 \$	2009 \$
Computer software - At cost	1(p)	72,680	53,570
Accumulated amortisation		(28,604)	(5,144)
<b>Total Intangible Assets</b>	<b>(a)</b>	<b>44,076</b>	<b>48,426</b>

(a) Movements in carrying amounts

Reconciliation of the carrying values of intangible assets between the beginning and end of the current financial year

Computer Software

Carrying amount at beginning		48,426	21,000
Additions		19,110	32,570
Amortisation charge		(23,460)	(5,144)
<b>Net carrying value</b>		<b>44,076</b>	<b>48,426</b>

**11. INVESTMENT PROPERTIES**

	Note	2010 \$	2009 \$
Opening balance as at 1 July		800,000	800,000
Additions		-	-
<b>Closing balance as at 30 June</b>		<b>800,000</b>	<b>800,000</b>

The company holds two investment properties; (1) a two storey retail premises located at Geelong bequeathed in December 2005, and (2) a rental property located at Glen Waverley bequeathed in December 2007. Properties are carried at initial fair value based on valuations performed by certified practising valuers (Geelong: Landlink Property Group on 28 September 2005, Glen Waverley: Market Line Property Valuations on 10 January 2008). A market appraisal was carried out in June 2010 for both properties with the following valuations listed: Geelong property valued by Gartland Real Estate Pty Ltd at \$250,000 (carrying value \$215,000), Glen Waverley property valued by Barry Plant \$720,000 to \$760,000 range (carrying value \$585,000). No adjustment to the initial value has been recorded in the financial report which is consistent with the accounting policy set out in Note 1(i).

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## 12. TRADE AND OTHER PAYABLES (CURRENT)

	Note	2010 \$	2009 \$
Trade payables	(i)	611,012	585,837
Other payables	(ii)	208,020	437,274
Related party payables	(iii)	-	442
Withholding tax payable		58,567	63,084
Carrying amount of trade and other payables		877,599	1,086,637

(i) Trade payables are non-interest bearing and are generally settled on 30 to 60 day terms.

(ii) Other payables are non-interest bearing and are generally on 30 to 90 day terms.

(iii) For terms and conditions relating to related party payables refer to Note 21.

## 13. INTEREST-BEARING LIABILITIES (CURRENT)

	Note	2010 \$	2009 \$
Lease liability	(i)	-	3,916

(i) The Finance lease for a PABX system has reached its lease term of five (5) years with the company opting to purchase the asset at the nominated residual value of \$3,952.

**14. PROVISIONS**

Current	Note	2010 \$	2009 \$
Employee benefits	(i)	1,183,189	996,728
Maintenance and repairs	(ii)	-	13,464
		1,183,189	1,010,192
<b>Non Current</b>			
Employee benefits		46,781	84,624

(i) The aggregate employee benefit liability includes annual wages, salaries and on-costs.

(ii) Movement in provisions

Movement in each class of provision during the financial year, other than provisions relating to employee benefit, are set out below:

	Note	2010 \$	2009 \$
As at 1 July		13,464	269,719
Reversing provision raised		-	(195,480)
Amount used		(13,464)	(60,775)
As at 30 June		-	13,464

Being provision for infrastructure repairs to facilities located at Chandler Highway Kew.

**15. RESERVES AND RETAINED NET INCOME**

**a. General reserve**

(i) **Nature and purpose of amount**

This reserve equates to an amount required for the future funding of asset replacement and for the maintenance of operating capability.

	Note	2010 \$	2009 \$
As at 1 July		5,000,000	5,000,000
Transferred from retained earnings		-	-
As at 30 June		5,000,000	5,000,000

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## b. Financial Asset Reserve

### (i) Nature and purpose of amount

The financial asset reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale and held for the long term.

	Note	2010 \$	2009 \$
As at 1 July			-
Valuation loss recognised		(4,296)	-
As at 30 June		(4,296)	-

## c. Retained earnings

Total retained earnings to the end of the financial year of 30 June 2010 includes an amount of \$1,123,168 representing valuation of Guide Dogs that in the normal course of the organisation's operations will not be realised.

## 16. LIABILITY OF MEMBERS

Guide Dogs Victoria is a company limited by guarantee and in accordance with the Memorandum of Association the liability of members in the event the company being wound up would not exceed \$20 per member.

## 17. REMUNERATION OF DIRECTORS

No Directors received remuneration during the year (2009; \$nil)

## 18. AUDITORS REMUNERATION

	Note	2010 \$	2009 \$
Amount received or due and receivable by the auditors for:			
- auditing accounts		37,500	38,500

**19. COMMITMENTS**

	Note	2010 \$	2009 \$
(a) <b>Finance lease commitments</b>	(i)		
- Payable minimum lease payments no later than 12 months		-	3,952
- Total minimum lease payments		-	3,952
- Less future finance charges		-	(36)
Lease liability provided for in the accounts		-	3,916
(b) <b>Operating lease and rental commitments:</b>	(i)		
Aggregate amounts contracted for at balance date but not recognised as liabilities, payable:			
- Not later than one year		352,866	355,394
- Later than one year and not later than two years		230,234	241,340
- Later than two years and not later than five years		210,536	174,753
		793,636	771,487

(i) Guide Dogs Victoria has entered into commercial leases for its fleet of motor vehicles and rental agreements for its office equipment. Contracts for motor vehicles have an average life of between 2 to 4 years with office equipment of up to 5 years.

## 20. FINANCIAL RISK MANAGEMENT

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

The totals 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	2010 \$	2009 \$
<b>Financial Assets</b>			
Cash and cash equivalents	5	3,317,706	4,593,749
Loans and receivables	6	1,316,884	522,924
Held-to-maturity investments			
- Government and fixed interest securities	8(ii)(iii)	1,705,402	1,496,066
Available-for-sale financial assets			
- at fair value		-	-
- shares in listed corporations	8(i)	237,734	209,196
<b>Total Financial Assets</b>		<b>6,577,726</b>	<b>6,821,935</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	12	877,599	1,086,637
<b>Total Financial Liabilities</b>		<b>877,599</b>	<b>1,086,637</b>

## Financial Risk Management Policies

Consisting of senior committee members, the Audit & Risk Management committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Audit & Risk Management committee on a regular basis. These include credit risk policies and future cash flow requirements.

## Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

### a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposure as its major source of revenue is the receipt of donations and grants. Credit risk is further mitigated as over 8% of the grants being received from state government is in accordance with funding agreements which ensure regular funding for a period of 3 years.

#### *Credit Risk Exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

The company has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the Audit & Risk Management committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AAA. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2010 \$	2009 \$
Cash and cash equivalents			
- AAA rated	5	3,317,706	4,593,749
		3,317,706	4,593,749

### Financial liability and financial asset maturity analysis

Financial Instruments	Within 1 Year		Within 1 to 5 years		Over 5 years		Total	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<b>Financial liabilities due for payment</b>								
Trade and other payables (excluding estimated annual leave)	877,599	1,086,637	-	-	-	-	877,599	1,086,637
Finance lease liabilities	-	3,916	-	-	-	-	-	3,916
<b>Total expected outflows</b>	<b>877,599</b>	<b>1,090,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>877,599</b>	<b>1,090,553</b>
<b>Financial Assets - cash flows realisable</b>								
Cash and cash equivalents	3,317,706	4,593,749	-	-	-	-	3,317,706	4,593,749
Trade, terms and loans receivables	1,316,884	522,924	-	-	-	-	1,316,884	522,924
Other investments	959,712	563,594	843,059	828,190	140,365	313,478	1,943,136	1,705,262
<b>Total anticipated inflows</b>	<b>5,594,302</b>	<b>5,680,267</b>	<b>843,059</b>	<b>828,190</b>	<b>140,365</b>	<b>313,478</b>	<b>6,577,726</b>	<b>6,821,935</b>
<b>Net inflow on financial instruments</b>	<b>4,716,703</b>	<b>4,589,714</b>	<b>843,059</b>	<b>828,190</b>	<b>140,365</b>	<b>313,478</b>	<b>5,700,127</b>	<b>5,731,382</b>

**b. Market Risk**

(i) **Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

(ii) **Price risk**

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The company is exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

The company's investments are held in the following sectors at reporting date:

	2010 \$	2009 \$
Blue chip company's	237,734	209,196

**Sensitivity Analysis**

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>Year ended 30 June 2010</b>		209,196
-0.5% cash at bank and cash in hand	+/- 13,584	-
-0.5% held-to-maturity financial assets	+/- 1,719	-
-5.0% in listed investments	-	+/- 11,886
<b>Year ended 30 June 2009</b>		
-1.0% cash at bank and cash in hand	+/- 36,491	-
-1.0% held-to-maturity financial assets	+/- 2,071	-
-5.0% in listed investments	-	+/- 10,460

No sensitivity analysis has been performed on foreign exchange risk as the company is not exposed to foreign currency fluctuations.

## Net Fair Values

### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

		2010		2009	
	Footnote	Net carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	3,317,706	3,317,706	4,593,749	4,593,749
Trade and other receivables	(i)	1,316,884	1,316,884	522,924	522,924
		4,634,590	4,634,590	5,116,673	5,116,673
Available-for-sale financial assets:					
- at fair value		-	-	-	-
- listed investments	(ii)	237,734	237,734	209,196	209,196
Held-to-maturity financial assets:					
- government and fixed interest securities	(iii)	1,705,402	1,727,712	1,496,066	1,500,157
<b>Total financial assets</b>		6,577,726	6,600,036	6,821,935	6,826,026
<b>Financial liabilities</b>					
Trade and other payables	(i)	877,599	877,599	1,086,637	1,086,637
Lease liability	(iv)	-	-	3,916	3,916
<b>Total financial liabilities</b>		877,599	877,599	1,090,553	1,090,553

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) For listed available-for-sale and held for the long term financial assets, closing quoted bid prices at the end of the reporting period are used.
- (ii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.
- (iv) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates.

**Financial Instruments Measured at Fair Value**

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets:</b>				
Available-for-sale financial assets	237,734	-	-	237,734
Held-to-maturity assets	-	1,705,402	-	1,705,402
	237,734	1,705,402	-	1,943,136
<b>2009</b>				
<b>Financial assets:</b>				
Available-for-sale financial assets	209,196	-	-	209,196
Held-to-maturity financial assets	-	1,496,066	-	1,496,066
	209,196	1,496,066	-	1,705,262

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

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## 21. RELATED PARTY DISCLOSURES

The Directors of Guide Dogs Victoria who were in office during the financial year are:

**D Flint** Resigned Nov'09

**A D Hume** Continuing

**C J Jackson** Continuing

**R Mandy** Continuing

**J M O'Connor** Continuing

**F J Shelton** Continuing

**M S Smith** Continuing

**R A Walker** Continuing

**M L Walker** Continuing

**M E Tappenden** Joined Nov'09

Transactions with Directors or their associated entities during the year which require separate disclosure are detailed below.

Guide Dogs Victoria is a state Member Association of Royal Guide Dogs Associations of Australia.

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

The following table provides the total amount of transactions that were entered into with related parties other than Directors during the financial year.

Related Party	Sales to		Purchases From		Other Transactions From		Owing to		Owing by	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Guide Dogs Queensland	17,142	18,007	2,463	5,766	612	29,798	-	-	713	739
Guide Dogs NSW/ACT	397,687	69,812	7,752	11,729	756	30,919	-	367	11,994	12,980
Guide Dogs SA/NT	9,156	21,925	-	1,520	144	28,509	-	75	3,691	9,517
Royal Guide Dogs Association of Tasmania	11,583	955	-	-	-	215	-	-	1,294	-
Association for the Blind of WA (Inc)	34,630	1,781	-	5,557	252	28,959	-	-	1,529	-

### Terms and conditions of transactions with related parties are detailed below:

Transactions between the organisation and its fellow state Member Associations are made at arm's length. Such transactions are both at market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest-free and settlement at between 30 and 60 days.

For the year ended 30 June 2010, Guide Dogs Victoria has not made any allowance for impairment loss relating to amounts owing by related parties as the payment history has been excellent.

### Transactions with specified directors during the financial year

Douglas Walker International in which Mr M L Walker is a Director provided recruitment services for a number of senior positions amounting to \$54,000 to Guide Dogs Victoria.

## 22. COMPANY DETAILS

The registered office of the company is:

Guide Dogs Victoria  
Chandler Highway  
Kew, Victoria 3101

# INDEPENDENT AUDITOR'S REPORT

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## TO THE MEMBERS OF GUIDE DOGS VICTORIA

We have audited the accompanying financial report of Guide Dogs Victoria (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### **The Responsibility of the Directors for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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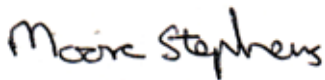
## Auditor's Opinion

In our opinion:

- a. the financial report of Guide Dogs Victoria is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

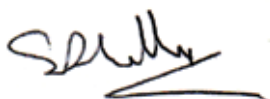
## Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Guide Dogs Victoria for the financial year ended 30 June 2010 included on Guide Dogs Victoria's web site. Guide Dogs Victoria's directors are responsible for the integrity of Guide Dogs Victoria's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



### Moore Stephens

Chartered Accountants



### Scott Phillips

Partner

Melbourne, 17 September 2010



**Guide Dogs** Victoria 

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