
GUIDE DOGS NSW/ACT

ABN 52 000 399 744

Financial Report for the Financial
Year Ended 30 June 2011

GUIDE DOGS NSW/ACT

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Page
Directors' Report	2
Auditor's Independence Declaration	5
Independent Auditor's Report	6
Principal Officer Declaration – Charitable Fundraising Act 1991	8
Directors' Declaration	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Accumulated Funds	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

These financial statements cover the financial statements of the consolidated entity consisting of Guide Dogs NSW/ACT and its subsidiaries, Centre for Eye Health Limited and Australian Centre for Eye Health Limited. These financial statements are presented in Australian currency.

These financial statements were authorised for issue by the directors on xx October 2011. The directors have the power to amend and reissue the financial statements.

GUIDE DOGS NSW/ACT

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2011:

The following persons were directors and officers of the company at any time during, or since the end of, the year. Unless otherwise stated, the Director was in office for the whole of the financial year and up to the date of this report.

Mr Allan Barry Calvert STEPHEN FFA, FIAA, FAICD	President Formerly, General Manager Zurich Australia Limited. Aged 68. Joined the Board in 1999 in a non-executive capacity. Currently a member of the Finance, Audit & Risk Management Committee as well as a member of Nomination & Remuneration Committee.
Mrs Linda Vivienne DRUITT BBus (Acc), CPA	Vice President Partner, Nortons Business Advisors (Chartered Accountants). Aged 52. Joined the Board in 2004 in a non-executive capacity. Currently Chair of the Finance, Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee.
Mr James BENNETT	Self-employed business consultant (Disability Services Auditor). Aged 63. Joined the Board on 3 March 2011 in a non-executive capacity.
Ms Zorana BULL MA (Eng, Econ & Mgmt), GAICD	Founding Director of Altura Partners (Strategic Management Consultants - Sydney/Melbourne). Aged 44. Joined the Board in 2010 in a non-executive capacity.
Mr Ian Andrew JAMIESON BCom (Mktg), CPM (AMI)	Managing Director of Marketing Initiatives Pty Limited (Strategic Marketing Consultants). Aged 58. Joined the Board in 2008 in a non-executive capacity. Currently a member of the Corporate Governance Committee.
Mr Steven KOURIS BEc/LLB, LLM	Self employed lawyer and consultant. Aged 42. Joined the Board in 2010 in a non-executive capacity. Currently a member of the Corporate Governance Committee.
Dr Anthony Broughton MOSMAN BVSc	Veterinarian, Partner Bondi Junction Veterinary Hospital. Aged 63. Joined the Board in 1999 in a non-executive capacity. Currently Chair of the Corporate Governance Committee.
Mr Richard Denis NEWBERRY	Manager, Tamworth Plaster Works. Aged 55. Joined the Board in 1998 in a non-executive capacity.
Mr Andrew Robert PIERCE FCA	Self-employed chartered accountant. Aged 67. Joined the Board in 1992 in a non-executive capacity. Currently Chair of the Nomination & Remuneration Committee, and a member of the Finance, Audit & Risk Management Committee.

Objectives and Strategies

(a) Short Term Objectives

To provide quality and customised orientation and mobility services for people with impaired vision in New South Wales and ACT including the training and provision of guide dogs as mobility aids. To provide a state-of-the-art imaging and visual systems diagnostic service to the general public of New South Wales and ACT. Both services are provided at no charge.

(b) Long Term Objectives

To expand the provision of appropriate services to people with impaired vision in NSW and ACT. Work with related guide dog agencies across Australia and worldwide to improve the quality and reach of the services provided. To work with eye health care professionals to reduce the incidence of preventable vision loss in New South Wales and ACT.

GUIDE DOGS NSW/ACT

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT (continued)

Principal Activities, and Achievement of Objectives

The principal activities of the Group in the course of the financial year were:

- providing orientation and mobility services for people with impaired vision in New South Wales and ACT;
- training guide dogs as mobility aids for people with impaired vision in New South Wales and ACT;
- training dogs as companions to people disadvantaged due to disability, age or ill health in New South Wales and ACT;
- providing specialist support and resources for health professionals working with people with impaired vision and other disabilities in New South Wales and ACT;
- providing a specialist service to clients in conjunction with University of New South Wales, at the Low Vision Clinic, at Chatswood, NSW; and
- operating a centre to provide free eye health diagnostic testing services to the people of New South Wales and ACT.

Performance Measures

For the year ended 30 June 2011, the Group operations resulted in a surplus of \$1,691,888 (2010: \$724,231). The Group revenue for the year was \$24,802,756 (2010: \$22,642,771), which is an increase of 9.5%, when compared to last year (2010: 2.0%).

In the 2010/2011 year, the number of Orientation and Mobility (O&M) programs delivered to clients by the parent entity was 6,093 which is an increase of 6.9% from the 2010 number of 5,702. This compares to a 1.0% change from 2009 to 2010. The cost of such services was \$11,400,734 (2010: \$10,548,104 excluding guide dog inventory change of accounting policy of \$729,122) or 8.1% more than in 2010 (2010 increase over 2009: 9.6%).

In addition Centre for Eye Health (CFEH) saw 3,819 clients during the full year ending 30 June 2011 at a cost of \$3,716,505. From commencement of clinical operations in February 2010 to 30 June 2010 it saw 842 clients at a cost of \$2,895,023. Projection for the year ending 30 June 2012 is approximately 6,300 clients.

Directors' Meetings

The number of meetings of the Group's board of directors held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

Board of Directors	Board Meetings eligible to attend	Board Meetings attended	Finance, Audit & Risk Management Committee meetings eligible to attend	Finance, Audit & Risk Management Committee meetings attended
J S Bennett	5	4	-	-
Z Bull	13	11	-	-
L V Druitt	13	12	12	11
I A Jamieson	13	12	-	-
S Kouris	13	10	-	-
A B Mosman	13	12	-	-
R D Newberry	13	12	-	-
A R Pierce	13	12	12	11
A B C Stephen	13	11	12	11

GUIDE DOGS NSW/ACT

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT (continued)

Board of Directors	Nomination & Remuneration Committee Meetings eligible to attend	Nomination & Remuneration Committee Meetings attended
J S Bennett	-	-
Z Bull	-	-
L V Druitt	5	5
I A Jamieson	-	-
S Kouris	-	-
A B Mosman	-	-
R D Newberry	-	-
A R Pierce	5	5
A B C Stephen	5	5

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.

A B C Stephen
Director

Sydney
October 2011

**GUIDE DOGS NSW/ACT
AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Guide Dogs NSW/ACT for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Guide Dogs NSW/ACT and the entities it controlled during the period.

M D Muller
Partner

HLB MANN JUDD
Chartered Accountants

Sydney
26 September 2011

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

GUIDE DOGS NSW/ACT INDEPENDENT AUDIT REPORT

To the members of Guide Dogs NSW/ACT:

We have audited the accompanying financial report of Guide Dogs NSW/ACT (“the company”), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration for the consolidated entity as set out on pages 9 to 33. The consolidated entity comprises the company and the entities it controlled at the year’s end or from time to time during the financial year.

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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, 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 company’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 company’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.

Matters relating to the electronic presentation of the audit financial report

This auditor’s report relates to the financial report of Guide Dogs NSW/ACT for the financial year ended 30 June 2011 included on Guide Dogs NSW/ACT website. The company’s directors are responsible for the integrity for the Guide Dogs NSW/ACT website. We have not been engaged to report on the integrity of this website. The auditor’s 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 the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbns.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

GUIDE DOGS NSW/ACT

INDEPENDENT AUDIT REPORT (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Guide Dogs NSW/ACT on 26 September 2011, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Guide Dogs NSW/ACT is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 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) In accordance with the provisions of the Charitable Fundraising Act 1991 and the regulations thereto, any money received as a result of fundraising appeals conducted during the financial year has been properly accounted for and applied with the following provisions:
 - (i) the financial report of Guide Dogs NSW/ACT is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (ii) the financial statements and associated records have been properly kept during the financial year in accordance with the provision of the Charitable Fundraising Act 1991 and the Regulations thereto; and
 - (iii) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

HLB MANN JUDD
Chartered Accountants

Sydney
3 October 2011

M D Muller
Partner

GUIDE DOGS NSW/ACT

PRINCIPAL OFFICER DECLARATION – CHARITABLE FUNDRAISING ACT 1991

I, Graeme White, Chief Executive Officer of Guide Dogs NSW/ACT declare that in my opinion:

- (a) the attached consolidated financial statements give a true and fair view of all income and expenditure of Guide Dogs NSW/ACT and its controlled entities. The accompanying notes give a true and fair view of all income and expenditure of Guide Dogs NSW/ACT with respect to fundraising appeals; and
- (b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect of fundraising appeals; and
- (c) the provisions of the Charitable Fundraising Act, 1991, and the regulations and the conditions attached to the authority to fundraise have been complied with; and
- (d) the internal controls exercised by Guide Dogs NSW/ACT and its controlled entities are appropriate and effective in accounting for all income received and applied from any fundraising appeals; and
- (e) accounts and associated records have been properly kept during the year in accordance with this Act; and
- (f) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

G White
Chief Executive Officer

October 2011

GUIDE DOGS NSW/ACT

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 33 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, 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.

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

A B C Stephen
Director

Sydney
October 2011

GUIDE DOGS NSW/ACT

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011	2010
		\$	\$
Revenue from ordinary activities	4(a)	24,802,756	22,642,771
Net gains/(losses) on non-current assets held at fair value through profit & loss	4(b)	1,723,501	1,925,244
Net gain on disposal of investments	4(b)	3,773	319,550
Net gain on disposal non current assets	4(b)	32,260	93,844
Client service costs (Guide Dogs NSW/ACT & CFEH)		(14,400,244)	(13,247,586)
Telephone marketing costs (incl. COGS)		(2,068,465)	(2,281,390)
Community education and information		(2,446,441)	(2,502,983)
Governance and administrative services		(2,817,380)	(2,962,892)
Indirect fundraising overheads including:			
- Data processing and management		(647,656)	(558,684)
- Planned giving indirect expenditure		(886,929)	(891,820)
- Appeal costs		(1,333,895)	(1,507,016)
Other expenses from ordinary activities		(269,392)	(304,807)
		<hr/>	<hr/>
Net Surplus/(Deficit) from ordinary activities		1,691,888	724,231
Other comprehensive income			
Memorial fund reserve	15	74,596	145,000
		<hr/>	<hr/>
Total comprehensive income		1,766,484	869,231
		<hr/> <hr/>	<hr/> <hr/>

The above Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

GUIDE DOGS NSW/ACT

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

		Consolidated	
	Notes	2011	2010
		\$	\$
Current Assets			
Cash and cash equivalents	21(a)	1,311,540	1,833,432
Trade and other receivables	5	914,317	662,132
Inventories	7	62,079	90,667
Interest bearing receivables	6	1,675,000	3,298,000
Held-to-maturity investments	8	7,000,000	7,000,000
Other	9	301,235	172,309
Total Current Assets		11,264,171	13,056,540
Non-Current Assets			
Interest bearing receivables	10	-	780,000
Held-to-maturity investments	8	1,000,000	-
Financial assets designated at fair value through profit or loss	11	29,759,795	26,776,457
Property, plant and equipment	12	17,633,788	18,007,423
Intangibles – establishment costs		25,008	37,511
Other	9	300,000	-
Total Non-Current Assets		48,718,591	45,601,391
Total Assets		59,982,762	58,657,931
Current Liabilities			
Trade and other payables	13	1,455,561	1,722,200
Employee leave provisions	14	1,410,339	1,523,469
Total Current Liabilities		2,865,900	3,245,669
Non-Current Liabilities			
Employee leave provisions	14	211,023	272,907
Total Non-Current Liabilities		211,023	272,907
Total Liabilities		3,076,923	3,518,576
Net Assets		56,905,839	55,139,355
Accumulated Funds			
Reserves	15	1,349,422	1,274,826
Accumulated surplus	16	55,556,417	53,864,529
Total Accumulated Funds		56,905,839	55,139,355

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

GUIDE DOGS NSW/ACT

STATEMENT OF CHANGES IN ACCUMLATED FUNDS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Consolidated		
	Accumulated Surplus \$	Reserves \$	Total Accumulated Funds \$
At 30 June 2009	53,140,298	1,129,826	54,270,124
Total comprehensive income	724,231	145,000	869,231
At 30 June 2010	53,864,529	1,274,826	55,139,355
Total comprehensive income	1,691,888	74,596	1,766,484
At 30 June 2011	55,556,417	1,349,422	56,905,839

The above Statement of Changes in Accumulated Funds is to be read in conjunction with the accompanying notes.

GUIDE DOGS NSW/ACT

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

		Consolidated	
	Notes	2011	2010
		\$	\$
Cash Flows from Operating Activities			
Receipts from:			
Bequests		13,533,188	12,528,635
Donations, subscriptions and other income		6,633,880	5,775,541
Sale of goods - Telephone marketing		2,543,014	2,610,642
Interest received		693,801	873,269
Franking credits refunded		192,757	225,348
Rent received		1,260	360
Payments to suppliers and employees		<u>(23,936,484)</u>	<u>(21,129,873)</u>
Net cash (used in) / provided by operating activities	21 (b)	<u>(338,584)</u>	<u>883,922</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment – Guide Dogs NSW/ACT		(1,875,683)	(1,373,131)
Payments for property, plant and equipment – Centre for Eye Health		(475,033)	(2,836,382)
Proceeds from sale of property, plant and equipment – Guide Dogs NSW/ACT		636,326	633,631
Mortgages discharged		2,403,000	4,270,000
Payments for investments & loans		(1,000,000)	(2,000,000)
Proceeds from sale of investments & loans		<u>128,082</u>	<u>600,000</u>
Net cash used in investing activities		<u>(183,308)</u>	<u>(705,882)</u>
Net increase/(decrease)in cash held		(521,892)	178,040
Cash and cash equivalents at the beginning of the financial year		<u>1,833,432</u>	<u>1,655,392</u>
Cash and cash equivalents at the end of the financial year	21 (a)	<u><u>1,311,540</u></u>	<u><u>1,833,432</u></u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements include the consolidated entity consisting of Guide Dogs NSW/ACT and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Accounting Interpretations), and the *Corporations Act 2001*.

Compliance with IFRS

A statement of compliance with International Financial Reporting Standards (IFRS) cannot be made due to the company applying the not-for-profit requirements of the Australian Equivalents to IFRS.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets designated at fair value through profit or loss.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Guide Dogs NSW/ACT ("company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Guide Dogs NSW/ACT and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently, exercisable or convertible are considered when assessing whether the group controls another entity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less any impairment in the individual financial statements of Guide Dogs NSW/ACT.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

Bequests and Donations

Guide Dogs NSW/ACT is a not-for-profit organisation. Two major sources of revenue are bequests and donations which by their nature can only be recorded when they are received by the company. Bequests received in the form of investments or other non cash items are taken into account when received at their estimated market value at the time of receipt.

Trading Revenue

Trading revenue consists of proceeds from the sale of inventory and commission from the marketing of a third party's products and is recorded on an accrual basis.

Auxiliaries/Support Groups' Contributions

At the end of the financial year, the company had five auxiliaries/support groups, who fundraise to benefit Guide Dogs NSW/ACT but otherwise operate independently from it. Net funds received by the company from its auxiliaries or support groups are taken up as income when received.

Changes in the fair value of investments

Net gains or losses on investments designated at fair value through profit or loss are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend revenue.

Dividends and distributions

Revenue is recognised when the right to receive payment is established.

Interest income

Revenue is recognised as the interest accrues on the net carrying amount of the financial asset.

(d) Income tax

Guide Dogs NSW/ACT and its subsidiaries are exempt from the payment of income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

(e) Leases

Leases in which a significant portion of the risk and rewards of ownership are not transferred to the company as lessee are classified as operating leases (Note 17). Payments made under operating leases (net of any incentives received from lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

GUIDE DOGS NSW / ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with maturities of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade and other receivables

Trade receivables and other receivables are recorded at amounts due less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted.

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

(i) Inventories

Finished Goods

Finished goods are valued at lower of cost and net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Guide Dogs

Prior to 2010 pups were carried at cost of acquisition. Guide dogs in training were carried at cost plus applicable training and kennelling costs incurred. The carrying values of guide dogs were expensed when they were issued to clients or removed from the program. The Directors have decided that this accounting treatment overstated the realisable asset value and that application of *AASB 2007- 5 Inventory Held for Distribution* is more appropriate. Costs including purchase of puppies are now expensed as incurred. An appropriate prior year adjustment has also been made. Refer Note 1. (r) for full detail of this change in accounting policy.

(j) Property, plant & equipment

All property plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the reporting period in which they are incurred.

GUIDE DOGS NSW / ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(j) Property, plant & equipment (continued)

Depreciation is provided on property, plant and equipment including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write-off the net cost of each asset over its estimated useful life. The following estimated useful lives are used in the calculation of depreciation:

Freehold Buildings	50 years
CFEH leasehold improvements	4 years
Motor Vehicles	7 - 10 years
CFEH Diagnostic Equipment	3 - 10 years
Office Furniture and Equipment	2 - 7 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Goods and services tax (GST)

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

- (i) the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- (ii) 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 in 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 activities which is recoverable from, or payable to, the ATO are presented as operating cash flows.

(l) Investments and financial assets

Classification

The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting period.

(i) Designated as at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated at fair value. A financial asset is classified in this category if acquired for the purpose of longer term investment. Assets in this category are classified as non-current assets.

These investments have been designated as at fair value through profit or loss as doing so results in more relevant information. These investments are managed and their performance evaluated on a fair value basis in accordance with the risk management and investment strategies of the company, as discussed in Note 2 of the financial statements.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(l) Investment and financial assets (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans and receivables are included in interest bearing receivables in the Statement of Financial Position (notes 6 and 10).

(iii) Held-to-maturity investments

The group classifies its term deposits as held-to-maturity investments. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in current assets except those with maturities greater than 12 months from the end of the reporting period, which are classified as non-current assets.

Fair Value

For investments traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the balance date.

Investments in other unlisted unit trusts are recorded at the redemption value per unit.

Recognition and Derecognition

All investments are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets designated as at fair value through profit or loss are revalued to fair value at each reporting period.

Subsequent Measurement

Loans and receivables, and held-to-maturity investments are carried at amortised cost using the effective interest method.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value. Changes in the fair value of financial assets designated at fair value through profit or loss are recognised in Statement of Comprehensive Income.

Impairment

The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The loss is recognised in Statement of Comprehensive Income.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(n) 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 is capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave 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.

(o) Members' undertaking

Guide Dogs NSW/ACT is a company limited by guarantee and was incorporated on 28 June 1962. In the event of the company being wound up, members' liability is limited to an amount of \$20 per member. At balance date there are 209 members comprising: 133 financial members, 14 honorary members and 62 auxiliary members.

(p) Accounts presentation

The classification "Accumulated Funds" has been used in the accounts as the company is limited by guarantee and therefore has no shareholders. It is believed that the use of the classification "Equity" would be misleading.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The group has assessed the impact of these new standards and interpretations and concluded that none of the upcoming changes will have a significant impact on the presentation and disclosure of the financial statements.

AASB 1053 Application of Tiers of Australian Accounting Standards (effective 1 July 2013)

This new accounting standards establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (applicable to for-profit entities in the private sector that have public accountability and Australian Government and State, Territory and Local Governments); and (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement, and presentation requirements of Tier 1 with substantially reduced disclosures corresponding to those requirements.

In accordance with this standard, Guide Dogs NSW/ACT is eligible to apply Tier 2 requirements at the time it decides to adopt the standard. The amendments, which become mandatory for the Company's 30 June 2014 financial statements are expected to have impact on the financial statements disclosures in financial risk management, cash flows, and related party disclosures. The standard also prescribes the applicable transitional arrangements for transition from special purpose financial statements and between tiers.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(r) Change of accounting policy

The Directors have re-assessed the accounting treatment of guide dogs and decided a change in accounting policy is appropriate. Previously dogs on hand, including puppies and partly trained guide dogs, have been valued at purchase price plus other direct overheads as per AASB 102. Applying *AASB 2007-5 Amendments to Australian Accounting Standard—Inventories Held for Distribution for Not-For-Profit Entities*, costs should be adjusted for any loss of service potential. This indicates that the carrying value should be fully adjusted to \$nil.

The Directors considered two factors in reaching this decision:

- the degree of uncertainty as to whether a dog in training will reach an acceptable standard to be placed in service with a client.
- the future benefit or service derived from the dog is realised by the client and not Guide Dogs NSW/ACT, as all dogs are provided free of charge.

This is further supported by the AASB Framework for the Preparation and Presentation of Financial Statements. This framework defines an asset as being the potential to contribute to the flow of cash. Under current operating conditions, there is little or no positive future cash flow expected from these dogs.

The consequence of this accounting change is that all costs relating to the purchase and training of dogs are expensed as and when incurred with no amount carried forward as inventory. This accounting change is being applied retrospectively to the year beginning 1 July 2009 and hence is reflected in both the 2011 numbers and 2010 comparatives.

Consolidated	2011*	2010	Adjustment	2010 Re-stated
	\$	\$	\$	\$
Balance sheet extract				
Inventories	62,079	819,789	(729,122)	90,667
Net surplus/(deficit)	1,691,888	1,453,353	(729,122)	724,231
Retained earnings 30 June 2010	<u>53,864,529</u>	<u>53,140,298</u>	-	<u>53,140,298</u>
Retained earnings 30 June 2011	<u>55,556,417</u>	<u>54,593,651</u>	<u>(729,122)</u>	<u>53,864,529</u>
Income statement extract				
Client service costs	14,400,244	12,518,464	729,122	13,247,586
Net surplus/(deficit)	1,691,888	1,453,353	(729,122)	724,231

* As the Policy change was applied to the 2010 carrying value of inventory, the 2011 numbers already reflect the new accounting policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The overall risk management strategy focuses on using a diversified portfolio of assets (including cash, equities, managed funds and mortgages) to balance risk and return. The target allocation of various asset classes as a percentage of the whole portfolio has been determined by the Board, is reviewed on a monthly basis and adjusted as appropriate.

The Board holds a long term view of investing. The Board has developed an investment policy and strategy with an appropriate risk management framework with the objective of preserving the asset base of the organisation in real terms over the longer term whilst earning a reasonable rate of return on those assets. The Board does not profess to be an 'expert investor' and hence utilises the services of professional asset managers to monitor and control a large proportion of the invested assets. Direct equity holdings are not actively sought but arise from bequest distributions. Typically these direct equity holdings are liquidated and re-invested in other asset classes after taking into account market volatilities.

The Board keeps informed of market risk through monthly meetings which include reports showing 'mark to market' comparisons.

During 2009 the Board decided to progressively exit the private mortgage market so as to reduce the concentration of credit risk. This process was completed in August 2011 when the last mortgage was discharged. Otherwise there are no changes in the strategies used to manage financial risks from the previous period.

(a) Market risk

Market risk is the risk that the fair value of future cashflows of financial instruments will fluctuate due to changes in market variables such as equity prices or interest rates. Market risk is managed and monitored by ensuring investment activity is consistent with agreed investment philosophy, strategy and asset allocation.

(i) Price risk

The Group is exposed to equity securities price risk both on direct equity holdings and managed funds. The investments are classified on the Statement of Financial Position as at fair value through profit and loss. All investments present a risk of loss of capital. Analysis indicates that the impact of changes in equity prices is comparable to overall movements in the common Australian indices such as the All Ordinaries index and ASX200. The sensitivity effect of such movements is summarised below.

(ii) Interest rate risk

As the Group's portfolio includes interest bearing assets in the form of cash deposits and secured loans, the Group's income flows are subject to changes in market interest rates. However as mortgages have been typically fixed for up to 3 years with various amounts and maturity dates the dollar impact of fluctuations in rates is difficult to quantify. Hence the following sensitivity analysis is indicative only.

GUIDE DOGS NSW / ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis for Market Risk (Impact on operating surplus)

Consolidated Asset	Value	Price risk		Interest rate risk	
		-10%	+ 10%	-1.0%	+ 1.0%
		\$	\$	\$	\$
Term deposits	8,000,000	-	-	(80,000)	80,000
Secured loans (Current & NC)	1,675,000	-	-	(16,750)	16,750
Listed Securities at fair value	57,530	(5,730)	5,730	-	-
Units in managed funds	29,702,265	(2,970,226)	2,970,226	-	-
30 June 2011	39,434,795	(2,975,956)	2,975,956	(96,750)	96,750
Term deposits	7,000,000	-	-	(70,000)	70,000
Secured loans (Current & NC)	4,078,000	-	-	(40,780)	40,780
Listed Securities at fair value	65,775	(6,577)	6,577	-	-
Units in managed funds	26,710,682	(2,671,068)	2,671,068	-	-
30 June 2010	37,854,457	(2,677,645)	2,677,645	(110,780)	110,780

(b) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the company. The Group has adopted a policy of dealing only with creditworthy counterparts as a means of mitigating the risk of financial losses from defaults. The Group measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk. Credit risk is reduced by only investing term deposits with financial institutions with a Standard & Poors credit rating of 'A' or better.

The credit risk associated with interest bearing receivables (Mortgages) is managed as follows:

- all loans are secured by a 1st mortgage over real property;
- all property is independently valued at loan drawdown and at each loan extension;
- the amount lent is kept to approximately two thirds of the property value as per the independent valuation; and
- all borrowers are vetted by an independent mortgage broker with preference given to high net worth individuals or professionals.

Credit risk associated with mortgages was eliminated on the discharge of the remaining mortgages in August 2011.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close the market position. The Board aims to ensure sufficient cash is on hand to pay debts as and when they become payable. Future cash flows are by nature uncertain hence the need to balance at call and short term cash deposits with longer term investment strategies.

(d) Fair value estimation

All financial assets and liabilities included in the Statement of Financial Position are carried at fair value. Subsequent to initial recognition all investments held at fair value through profit and loss are measured at fair value with changes in their value recognised in the Statement of Comprehensive Income. The Board believes that this provides the most transparent disclosure of the Group's results and financial position at any point in time. This approach is also consistently applied in monthly management accounts.

GUIDE DOGS NSW / ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Value Hierarchy

The group has adopted the amendments to AASB 7, effective 1 January 2009. This requires the Group to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted bid prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The determination of what constitutes "observable" requires significant judgement by management. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the group's financial assets (by class) measured at fair value according to the fair value hierarchy.

Consolidated - as at 30 June 2011	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
- listed securities	1,275	-	-	1,275
- units in unlisted managed funds	-	29,702,265	-	29,702,265
Unlisted unit trusts	-	56,255	-	56,255
	<u>1,275</u>	<u>29,758,520</u>	<u>-</u>	<u>29,759,795</u>
Total	1,275	29,758,520	-	29,759,795
Consolidated - as at 30 June 2010				
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
- shares in listed companies	65,775	-	-	65,775
- units in unlisted managed funds	-	26,710,682	-	26,710,682
Unlisted unit trusts	-	-	-	-
	<u>65,775</u>	<u>26,710,682</u>	<u>-</u>	<u>26,776,457</u>
Total	65,775	26,710,682	-	26,776,457

Investments, whose values are based on quoted market bid prices in active markets, and therefore classified within level 1, include active listed equities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investments in unlisted unit trusts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

GUIDE DOGS NSW / ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

3. CRITICAL ACCOUNTING JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience 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.

	2011 \$	2010 \$
4. PROFIT FROM ORDINARY ACTIVITIES		
(a) From continuing operations		
<i>Operating Revenue</i>		
Bequests	13,533,188	12,758,869
Donations	6,571,786	5,750,642
Sale of goods - Telephone marketing	2,230,114	2,343,313
Contract income	14,607	16,475
<i>Other revenue</i>		
Interest	750,016	810,282
Distributions/Dividends including franking credits	1,654,298	954,406
Rental	1,260	360
Other	47,487	8,424
	<u>24,802,756</u>	<u>22,642,771</u>
(b) Other income		
Fair value gains (losses) on other financial assets at fair value through profit or loss	1,723,501	1,925,244
Net gain on disposal of investments	3,773	319,550
Net gain on disposal non current assets	32,260	93,844
(c) Expenses		
Surplus is calculated after deduction of the following specific expenses:		
Depreciation – property, plant and equipment	2,088,025	1,895,964
Amortisation of Establishment costs	12,504	12,504
Rental expense relating to operating lease	526,962	501,947
Provision for impairment of receivables	-	(1,786)
Inventory write-downs/(write-ups)	791	5,852
Net loss on disposal non-current assets	93,958	79,348
Net loss on disposal investments	2,511	-

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
5. CURRENT – TRADE AND OTHER RECEIVABLES		
Trade receivables	201,698	291,587
Provision for impairment of receivables	(3,281)	(3,161)
	198,417	288,426
Goods and services tax (GST) recoverable	162,288	64,444
Other	553,612	309,262
	914,317	662,132

None of the trade receivables are impaired or past due but not impaired for the consolidated group and the entity. Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Refer to Note 2 for more information on the risk management policy of the group and the credit quality of the consolidated entity's trade receivables.

	2011 \$	2010 \$
6. CURRENT - INTEREST BEARING RECEIVABLES		
Secured loans	1,675,000	3,298,000
(i) Loans are secured by registered first mortgage on residential and commercial premises.		
(ii) Impairment and risk exposure The maximum exposure credit risk at the reporting date is the carrying amount of the receivables.		
One of the loans for \$700,000 was repaid in July 2011. The remaining loans totalling \$975,000 were repaid in August 2011.		

	2011 \$	2010 \$
7. CURRENT - INVENTORIES		
Finished goods – at cost (Telemarketing merchandise on hand)	62,079	90,667
8. HELD-TO-MATURITY INVESTMENTS		
Term deposits - current	7,000,000	7,000,000
Term deposits - non-current	1,000,000	-

The Group's risk exposure for term deposits is discussed in Note 2.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
9. OTHER CURRENT ASSETS		
Prepayments - current	<u>301,235</u>	<u>172,309</u>
OTHER NON CURRENT ASSETS		
Prepayments – non current	<u>300,000</u>	<u>-</u>
10. NON-CURRENT - INTEREST BEARING RECEIVABLES		
Secured loans	<u>-</u>	<u>780,000</u>

(i) Loans are secured by registered first mortgage on residential and commercial premises.

(ii) Impairment and risk exposure

The maximum exposure credit risk at the reporting date is the carrying amount of the receivables.

None of the receivables are either past due or impaired. There is no exposure to the risks as the investment will be held to maturity.

	2011 \$	2010 \$
11. NON-CURRENT - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS		
At fair value:		
Shares in listed companies / securities	57,530	65,775
Units in managed funds	<u>29,702,265</u>	<u>26,710,682</u>
	<u>29,759,795</u>	<u>26,776,457</u>

Changes in fair value through profit or loss are recorded in the Statement of Comprehensive Income. Information about the consolidated entity's exposure to price risk is provided in Note 2.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land & Buildings \$	CFEH Leasehold improve. \$	Motor Vehicles \$	CFEH Diagnostic Equipment \$	Furniture & Equipment \$	Total \$
Year ended 30 June 2011						
At 1 July 2010, net of accumulated depreciation	10,501,253	1,997,519	1,932,086	2,127,513	1,449,052	18,007,423
Additions	39,595	-	1,286,142	398,525	626,454	2,350,716
Transfers	-	-	-	-	-	-
Disposals	-	-	(574,628)	-	-	(574,628)
Disposal adjustment	-	-	(27,257)	-	(34,441)	(61,698)
Depreciation charge for the year	(234,871)	(658,954)	(415,189)	(225,894)	(553,117)	(2,088,025)
At 30 June 2011, net of accumulated depreciation	<u>10,305,977</u>	<u>1,338,565</u>	<u>2,201,154</u>	<u>2,300,144</u>	<u>1,487,948</u>	<u>17,633,788</u>
At 30 June 2011						
Cost	12,523,287	2,635,815	2,843,557	2,700,389	4,682,942	25,385,990
Accumulated depreciation and impairment	(2,217,310)	(1,297,250)	(642,403)	(400,245)	(3,194,994)	(7,752,202)
Net carrying amount	<u>10,305,977</u>	<u>1,338,565</u>	<u>2,201,154</u>	<u>2,300,144</u>	<u>1,487,948</u>	<u>17,633,788</u>
At 1 July 2010						
Cost	12,483,693	2,635,815	2,524,895	2,301,900	4,277,507	24,223,810
Accumulated depreciation and impairment	(1,982,440)	(638,296)	(592,809)	(174,387)	(2,828,455)	(6,216,387)
Net carrying amount	<u>10,501,253</u>	<u>1,997,519</u>	<u>1,932,086</u>	<u>2,127,513</u>	<u>1,449,052</u>	<u>18,007,423</u>

	2011 \$	2010 \$
13. CURRENT – TRADE AND OTHER PAYABLES		
Trade payables	1,216,138	1,549,346
Other payables	52,771	58,353
Accruals	186,652	114,501
	<u>1,455,561</u>	<u>1,722,200</u>

14. EMPLOYEE LEAVE PROVISIONS

Current	<u>1,410,339</u>	<u>1,523,469</u>
Non-current	<u>211,023</u>	<u>272,907</u>

These represent statutory provisions for annual and long service leave

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
15. RESERVES		
R.M. Moffitt Memorial Fund		
Balance at beginning of financial year	416,830	416,830
Movements	<u>-</u>	<u>-</u>
Balance at end of financial year	<u>416,830</u>	<u>416,830</u>
Robert and Elsie Burton Fund		
Balance at beginning of financial year	712,996	712,996
Movements	<u>-</u>	<u>-</u>
Balance at end of financial year	<u>712,996</u>	<u>712,996</u>
Netta and Alan Walker Fund		
Balance at beginning of financial year	145,000	-
Movements	<u>74,596</u>	<u>145,000</u>
Balance at end of financial year	<u>219,596</u>	<u>145,000</u>
Balance at end of financial year	<u>1,349,422</u>	<u>1,274,826</u>
These reserves relate to donated funds received and invested by Guide Dogs NSW/ACT.		
16. ACCUMULATED SURPLUS		
Balance at beginning of financial year	53,864,529	53,140,298
Transfer from surplus	74,596	145,000
Transfer to reserves	(74,596)	(145,000)
Net surplus/(deficit)	<u>1,691,888</u>	<u>724,231</u>
Balance at end of financial year	<u>55,556,417</u>	<u>53,864,529</u>
17. LEASES		
Operating leases - Leasing arrangements		
The operating leases relate to a number of office premises with lease terms expiring from 31 August 2012 to 30 April 2016. One contract has an option for renewal of three by one year options. CFEH has an option for 3 additional four year extensions. The other contracts have no options for renewal.		
Non-cancellable operating leases		
Within 1 year	546,723	438,366
Later than 1 year but not later than 5 years	<u>897,744</u>	<u>667,228</u>
	<u>1,444,467</u>	<u>1,105,594</u>

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
18. COMMITMENTS FOR EXPENDITURE		
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	414,884	293,958
Less: GST	<u>(37,717)</u>	<u>(26,723)</u>
	<u>377,167</u>	<u>267,235</u>
19. REMUNERATION OF AUDITORS		
HLB Mann Judd		
Audit of the financial statements	73,850	70,500
Other services	-	-
	<u>73,850</u>	<u>70,500</u>

20. RELATED PARTY DISCLOSURES

(a) Directors

The following persons were directors of Guide Dogs NSW/ACT during the financial year:

J Bennett	A B Mosman
Z Bull	R D Newberry
L V Druitt	A R Pierce
I A Jamieson	A B C Stephen
S Kouris	

Directors receive no remuneration for their services.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities for the parent company, directly or indirectly, during the financial year:

J Black (Ceased 17 March 2011)	R Harrison (Ceased 25 Feb. 2011)	L Smink (Com. 16 Jun 2011)
E Cooper	C Harvey (Ceased 31 Dec 2011)	L Smith (Ceased 16 Jun 2011)
F Crawford	A Roberts (Ceased 24 June 2011)	C Ulm
A Green	N Shaw	G White

(c) Key management personnel compensation

	Short term benefits \$	Post employment \$	Other long term benefits \$	Total \$
2011	1,483,985	117,923	28,785	1,630,693
2010	1,420,844	109,272	7,189	1,537,305

(d) Other transactions with directors

During the financial year payments were made to a veterinary hospital in which a director had an interest. Amounts of \$557 (2010: \$636) were paid to a hospital in which A B Mosman had an interest.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

20. RELATED PARTY DISCLOSURES (continued)

(e) Transactions with controlled entities

	2011 \$	2010 \$
Grants paid to CFEH	3,716,505	2,895,023

(f) Loan to related entity

CFEH loan	4,433,141	4,647,705
Impairment of loan	(1,750,899)	(2,032,181)
	2,682,242	2,615,524

This loan is unsecured, interest free and has no fixed date of repayment.

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows and cash equivalents is reconciled to the related items in the Statement of Financial Position as follows:

	2011 \$	2010 \$
Cash and cash equivalents	1,311,540	1,833,432

(b) Reconciliation of surplus from ordinary activities to net cash flow from operating activities:

Operating Surplus/(Deficit)	1,691,888	724,231
Depreciation of non-current assets	2,088,025	1,895,964
Amortisation of establishment costs	12,504	12,504
Bad debt expense	108,416	19,829
Fair value adjustment to non current investments	(1,723,501)	(1,925,244)
Loss/(profit) on sale of non-current assets	93,958	79,348
Other income not in cash	-	(90,523)
Bequests and donations not in the form of cash	(246,427)	(230,234)
Net gain on sale of investments	(1,262)	(319,550)
Distributions from managed funds reinvested	(1,268,009)	(710,033)
Changes in net assets and liabilities:		
(Increase)/decrease in assets		
Current receivables	(252,185)	94,199
Current inventories	28,588	610,683
Current other assets	(428,926)	126,320
Increase/(decrease) in liabilities:		
Current payables	(266,639)	515,291
Provisions	(175,014)	81,137
Net Cash from Operating Activities	(338,584)	883,922

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

22. SUPERANNUATION COMMITMENTS

The group contributes to a number of superannuation plans as required under current legislation which allows employees a choice of funds. The group contributes to these plans, which provide accumulation benefits on retirement, disability or death. Employees contribute to the plans at various percentages of their wages and salaries. The group also contributes to the plans at rates related to employee contributions or in accordance with the rates required under the Superannuation Guarantee Levy.

The group has a legal obligation to contribute as per legislation and current employment contracts with employees.

Funds are available to satisfy all benefits that have been vested under the various plans in the event of termination of the plans, or voluntary or compulsory termination of the employment of each employee.

	2011 \$	2010 \$
23. ADDITIONAL INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991		
(In relation to Guide Dogs NSW/ACT only. CFEH and ACFEH do not conduct any fundraising activities in their own right)		
Details of aggregate gross income and expenditure of fundraising.		
Fundraising		
Gross proceeds	20,104,974	18,509,511
Expenditure – donations/bequests	<u>(1,512,583)</u>	<u>(1,738,327)</u>
Net surplus from fundraising	<u>18,592,391</u>	<u>16,771,184</u>
Direct Marketing		
Gross proceeds – sale of goods	2,230,114	2,343,313
Expenditure	<u>(2,068,465)</u>	<u>(2,281,390)</u>
Net surplus from direct marketing	<u>161,649</u>	<u>61,923</u>
Net surplus from all activities	<u>18,754,040</u>	<u>16,833,107</u>
Charitable purpose expenditure		
Client O&M service costs	(11,400,734)	(11,277,226)
Community education & information	(2,284,991)	(2,336,228)
Governance and administrative services	(2,261,835)	(2,204,984)
Indirect fundraising (incl. management, data processing and collection box maintenance)	(647,656)	(558,684)
Planned giving indirect expenditure	(886,929)	(891,820)
Centre for Eye Health expenses grant	<u>(3,716,505)</u>	<u>(2,895,023)</u>
Total charitable purpose expenditure	<u>(21,198,650)</u>	<u>(20,163,965)</u>
Surplus / (Deficit) in funds available from all activities	<u>(2,444,610)</u>	<u>(3,330,858)</u>

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
23. ADDITIONAL INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991 (continued)		
Additional funds from the following sources		
Interest received	750,016	810,282
Distributions received (managed funds)	1,268,009	710,033
Dividends received (including franking credits)	386,289	244,373
Membership subscription	2,030	1,450
Rent received	1,260	360
Income other	42,074	2,830
Bad debts recovered	3,383	4,144
Net gain/(loss) on sale of property, plant & equipment	32,260	93,844
Net gain/(loss) on sale of investments	6,284	319,550
Write up/(down) of investments	1,723,501	1,925,244
Fair value adjustment of intercompany loan receivable	281,282	522,099
Net (loss) on sale of property, plant and equipment	(93,958)	(79,348)
Fee for services rendered	14,607	16,475
Write up of inventories	791	5,852
	4,417,828	4,577,188
Total Additional Funds/(costs) net		
	4,417,828	4,577,188
Surplus/(Deficit) From Ordinary Activities	1,973,218	1,246,330

	2011		2010	
	\$	%	\$	%
Total cost of fundraising/ Gross income from fundraising	1,512,583 20,104,974	7.5	1,738,327 18,509,511	9.4
Total costs of direct marketing/ Gross income from direct marketing	2,068,465 2,230,114	92.8	2,281,390 2,343,313	97.4
Net surplus from all fund raising activities/ Gross income from all activities	18,754,040 22,335,088	84.0	16,833,107 20,852,824	80.7
Total cost of services*/ Total expenditure	14,400,244 21,198,650	67.9	13,247,586 20,163,965	65.7
Total cost of services*/ Gross income from all activities	14,400,244 22,335,088	64.5	13,247,586 20,852,824	63.5

* Includes Guide Dogs NSW/ACT Client O&M costs plus operating costs for the CFEH Clinic which are included in CFEH grant

24. AUXILIARIES AND SUPPORT GROUPS

During the year the following auxiliaries/support groups contributed \$47,004 (2010: \$68,454) to Guide Dogs NSW/ACT.

Central Coast	Dubbo	Moree
Mudgee	Tamworth	

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

25. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in note 1(b). The financial years of the controlled entities are the same as that of the parent.

Name of entity	Country of incorporation	Percentage Holding*
Centre for Eye Health Limited	Australia	100%
Australian Centre for Eye Health Limited	Australia	100%

* Both companies limited by guarantee with Guide Dogs NSW/ACT as the sole member.

26. PARENT ENTITY INFORMATION

Guide Dogs NSW/ACT is a company limited by guarantee, incorporated and operating in Australia. Principal place of business and registered office: 2-4 Thomas Street, Chatswood, NSW, 2067.

	2011 \$	2010 \$
Current assets	12,161,140	13,044,043
Total assets	58,216,161	56,610,404
Current liabilities	2,850,496	3,230,669
Total liabilities	3,061,519	3,503,576
Shareholders equity		
Reserves	1,349,422	1,274,826
Retained earnings	53,805,220	51,832,002
	<u>55,154,642</u>	<u>53,106,828</u>
Net surplus/(deficit)	1,973,218	1,246,330
Other comprehensive income	74,596	145,000
Total comprehensive income	<u>2,047,814</u>	<u>1,391,330</u>
Parent Guarantees of Subsidiaries	Nil	Nil
Parent Contingent Liabilities	Nil	Nil
Parent Contractual Commitments for Acquisition of Property, Plant & Equipment	311,002	292,990

Guide Dogs NSW/ACT has provided a letter of support to CFEH to ensure it is a going concern.

27. SUBSEQUENT EVENTS

Investment Market volatility

Subsequent to balance date there has been high volatility in both Australian and International markets, with devaluations of market values in the range 6 – 10%. This had an impact on the fair value of managed funds and listed securities.

The movement in the value of these investments is an unrealised loss of \$1,952,643 for the two months to 31 August 2011. This represents 6.6% of the value of the total portfolio as at 30 June 2011. Further volatility is expected. (see note 2. for sensitivity analysis).