



GUIDE DOGS NSW/ACT

ABN 52 000 399 744

**Financial Report for the Financial
Year Ended 30 June 2018**



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

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

These financial statements were authorised for issue by the directors on 28 September 2018. The directors have the power to amend and reissue the financial statements.

Directors' Report

Your directors present their report on the consolidated entity (referred to hereinafter as the Group) consisting of Guide Dogs NSW/ACT and the entity it controlled at the end of or during the financial year ended 30 June 2018.

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. All directors are in a non-executive capacity.

Mr Kieran Maurice Lane, President

LLB Hons, LLM

Practising solicitor and a former tax partner at KPMG. Joined the Board in 2012 in a non-executive capacity. Kieran has 20 years' experience at KPMG in several senior management positions including serving as an elected member of the KPMG Board for 6 years. Past activities include acting as a member of the St Joseph's College Finance Committee and a Vice President of the Australia China Business Council. Kieran is a member of the Finance, Audit & Risk Management and the Nomination & Remuneration Sub-committees.

Mrs Linda Vivienne Druitt, Vice President

BBus (Acc), CPA

Director, Nortons Business Advisors (Chartered Accountants). Joined the Board in 2004. Lindy has more than 30 years' experience in public practice offering business advice, self-managed superannuation and taxation services to small and medium business. Lindy is Chairman of the Finance, Audit & Risk Management Sub-committee and a member of the Nomination & Remuneration Sub-committee.

Mr James Bennett

B Eng

Mechanical Engineer and self-employed business consultant (Disability Services Auditor). Joined the Board in 2011. James is a client, an experienced Guide Dog user and an advocate for those who are blind or vision impaired. He consults as a Consumer Technical Expert and Lead Auditor for Quality Management Systems (ISO & AS) primarily participating in Disability Services Audits throughout Australia. He also sits on several Advisory Committees with the National Disability Services covering Open Employment and Australian Disability Enterprises. James is a member of the Corporate Governance Sub-committee.

Ms Zorana Bull

MA (Eng, Econ & Mgmt), FAICD

Founding Director of Altura Partners (Strategic Management Consultants - Sydney/Melbourne). Joined the Board in 2010. Zorana has over 25 years of experience in strategy development, operational performance improvement and organisational change. She was previously a Partner with leading global consultancy PA Consulting Group and Chief Operating Officer of the Australian business. Zorana is a Non-Executive Director with Port Authority of NSW, Healthshare NSW, AirRoad Pty Ltd and Fancy Engineering Ltd. She was previously a Non-Executive Director with Moorebank Intermodal Company Limited. Zorana is a member of the Finance, Audit & Risk Management Sub-committee.

Mr Ian Andrew Jamieson

BCom (Mktg), CPM (AMI), MAICD

Strategic marketing consultant and co-founder of business strategy consultancy firm Marketing Initiatives. Joined the Board in 2008. Ian has over 30 years of experience in marketing and business strategy development, including corporate positions and managing his own consultancy business. He is a Fellow of the Australian Marketing Institute. Ian is Chairman of the Nomination & Remuneration Committee and a member of the Corporate Governance Sub-committee.

Ms. Jacqui Jones (appointed as Alternate Director for K. M. Lane, A. B. Mosman, and H. Liu on 29 January 2018, appointed as Director on 27 August 2018)

Director, The Impact Assembly at PwC. Prior to 2018 Jacqui was CEO of the Australian Business and Community Network (ABCN), a coalition of business leaders partnering with schools to improve student outcomes in disadvantaged areas. She joined the Board in 2018.

Mr Steven Kouris

BEC/LLB, LLM

Lawyer and commercial advisor. Joined the Board in 2010. Steven has extensive corporate governance and leadership, strategic planning and risk management expertise as a non-executive director and board committee member across the health, housing and not-for-profit sector, and augments this with commercial & legal expertise in private, corporate and government practice. He has worked for major national law firms such as King & Wood Mallesons and Allens, advised government departments, and has substantial expertise in major projects, infrastructure & development, building and construction, and property. He is Chairman of the Corporate Governance Sub-committee. He is also an Alternate Director for the Centre for Eye Health, and non-executive director of EIS Health Ltd (the primary health care

network for Central & Eastern Sydney) where he chairs the Finance and Audit & Risk Committees.

Mr Hongbin Liu (resigned 27 August 2018)

MAppFin, MA

General Manager of the Industrial and Commercial Bank of China (ICBC) Sydney Branch. Hongbin has over twenty years' experience at ICBC, including serving as the Chief Representative in Australia and General Manager in Italy. Joined the Board in November 2013.

Dr Anthony Broughton Mosman

BVSc

Veterinarian and partner of the Bondi Junction Veterinary Hospital since 1976, the home of the present TV series "Bondi Vet". Joined the Board in 1999. Past activities include President of the Australian Veterinary Association, Sydney, and serving on several municipal council animal advisory groups. Tony is a Director for the Centre for Eye Health.

Mr Allan Barry Calvert Stephen, OAM

FFA, FIAA, FAICD

Formerly, General Manager Zurich Australia Limited responsible for all aspects of the business. Over 30 years' experience as a Director of unlisted public companies. Joined the Board in 1999. Chairman of the Centre for Eye Health Limited. Currently a member of the Finance, Audit & Risk Management Sub-committee.

Directors' Meetings

The number of meetings of the Group's board of directors held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

Board of Directors	Board meetings eligible to attend	Board meetings attended	Finance, Audit and Risk Management Committee meetings eligible to attend	Finance, Audit and Risk Management Committee meetings attended
J S Bennett	11	9	0	0
Z Bull	11	11	11	10
L V Druitt	11	10	11	10
I A Jamieson	11	11	0	0
J Jones	5	3	0	0
S Kouris	11	9	0	0
K M Lane	11	11	11	11
H Liu	11	2	0	0
A B Mosman	11	11	0	0
A B C Stephen	11	9	11	9

Board of Directors	Nomination and Remuneration Committee meetings eligible to attend	Nomination and Remuneration Committee meetings attended	Corporate Governance Committee meetings eligible to attend	Corporate Governance Committee meetings attended
J S Bennett	0	0	1	2
Z Bull	0	0	0	0
L V Druitt	2	1	0	0
I A Jamieson	2	2	2	2
J Jones	0	0	0	0
S Kouris	0	0	2	2
K M Lane	2	1	0	11
H Liu	0	0	0	0
A B Mosman	0	0	0	0
A B C Stephen	0	0	0	0

Objectives and Strategies

Short Term Objectives

Provide quality and customised orientation and mobility (O&M) services for people with impaired vision in New South Wales (NSW) and the Australian Capital Territory (ACT) including the training and provision of guide dogs. To provide a state-of-the-art eye imaging and diagnostic services to the general public of NSW and the ACT. Both services are provided at no cost to the client.

Long Term Objectives

Expand the provision of appropriate services to people with impaired vision in NSW and the ACT especially focusing on guide dogs, assistive technology, vision loss in children, neurological vision loss, low vision and independent living skills. Work with related guide dog and vision agencies across Australia and worldwide to improve the quality and breadth of the services provided. Reduce the incidence of preventable vision loss amongst the population of NSW and ACT through the provision of eye imaging and diagnostic testing services. Enhance the training and education of optometrists and enable increased research activity using the data collected by the Centre for Eye Health (CFEH).

Strategies

The Group operates within a strategic framework, which is reviewed by the Board each year. The current Strategic Plan covers the period to 2022. Through diversification and growth of our revenue streams to achieve financial sustainability, and investment in our people and processes, we aim to increase client satisfaction and support more people who are blind or have a vision impairment to live the life they choose.

Measuring performance

Performance is primarily measured in terms of services delivered – being mobility services (including guide dogs) to the vision impaired and clients assessed by CFEH. Services delivered, referrals, waiting lists and waiting times are monitored. Other key deliverables measured include advocacy and community education for the vision impaired and, at CFEH, education of eye practitioners is also relevant. The other key measure is sustainability, which primarily involves measuring and tracking financial Key Performance Indicators, staff and client satisfaction and brand health.

Financial Performance and Results

For the year ended 30 June 2018, the Group operations resulted in a deficit of \$2,505,524 (2017: surplus of \$3,434,307) and Group revenue for the year of \$33,118,542 (2017: \$34,298,790).

This is the result of a decrease in bequest revenue (\$17,976,342 compared to \$20,147,584 in the prior year), and accelerated amortisation of \$794,465 following a change in estimate of the remaining useful life of capitalised client, donor management, and financial computer software. The company has also made a strategic decision to increase Client Service Delivery staff numbers in order to increase service provision and improve client outcomes, resulting in an increase in staff costs of \$572,260 compared to the 2017 year.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration, obtained as required by section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 5.

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

K. M. Lane
Director

Sydney
28 September 2018

Principal Officer Declaration – Charitable Fundraising ACT 1991

I, Dale Cleaver, 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 entity. 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 to 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 entity 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.

D. A. Cleaver
Chief Executive Officer

28 September 2018

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 28 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards – Reduced Disclosure Requirements, and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 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 all of its debts as and when they become due and payable.

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

K. M. Lane

Director
Sydney, NSW
28 September 2018

Statement of Comprehensive Income for the Financial Year Ended 30 June 2018

	Notes	Consolidated 2018 \$	Consolidated 2017 \$
Revenue and other income			
Revenue from continuing operations	3(a)	31,979,572	33,574,259
Net gain on non-current assets held at fair value through profit & loss	3(b)	471,609	806,386
Net gain/(loss) on disposal of investments	3(b)	763,362	(9,534)
Net loss on disposal of non-current assets	3(b)	(96,001)	(72,321)
		33,118,542	34,298,790
Expenses			
Client service costs (Guide Dogs NSW/ACT & CFEH)		(22,337,990)	(18,409,273)
Community education and advocacy		(469,305)	(1,025,225)
Fundraising overheads including:			
Fundraising donor management		(2,300,745)	(1,712,172)
Planned giving expenditure		(1,293,198)	(1,211,763)
Appeal costs		(3,364,367)	(2,512,559)
Fundraising merchandise		(84,953)	(897,057)
Marketing		(864,315)	(919,612)
Governance and administrative services		(4,909,193)	(4,176,822)
		(35,624,066)	(30,864,483)
Net (Deficit)/Surplus from continuing activities		(2,505,524)	3,434,307
Other comprehensive income		-	-
Total comprehensive income		(2,505,524)	3,434,307

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

Statement of Financial position as at June 2018

	Notes	Consolidated 2018 \$	Consolidated 2017 \$
Current Assets			
Cash and cash equivalents	16	4,700,738	3,014,073
Trade and other receivables	4	1,137,316	935,021
Inventories	5	71,405	49,443
Held-to-maturity investments	6	13,007,134	18,488,086
Other	7	250,946	321,294
Total Current Assets		19,167,539	22,807,917
Non-Current Assets			
Held-to-maturity investments	6	58,281	1,000,000
Financial assets designated at fair value through profit or loss	8	35,312,518	31,897,427
Property, plant and equipment	9	14,680,618	14,632,476
Intangibles	10	93,324	971,804
Total Non-Current Assets		50,144,741	48,501,707
Total Assets		69,312,280	71,309,624
Current Liabilities			
Trade and other payables	11	2,239,486	1,713,848
Employee leave provisions		1,558,482	1,473,197
Total Current Liabilities		3,797,968	3,187,045
Non-Current Liabilities			
Employee leave provisions		387,425	490,168
Total Non-Current Liabilities		387,425	490,168
Total Liabilities		4,185,393	3,677,213
Net Assets		65,126,887	67,632,411
Accumulated Funds			
Accumulated surplus	12	65,126,887	67,632,411
Total Accumulated Funds		65,126,887	67,632,411

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

Statement of Changes in Accumulated Funds for the Financial Year Ended 30 June 2018

	Consolidated Accumulated Surplus \$	Consolidated Reserves \$	Consolidated Total Accumulated Funds \$
At 30 June 2016	64,198,104	-	64,198,104
Total comprehensive income	3,434,307	-	3,434,307
At 30 June 2017	67,632,411	-	67,632,411
Total comprehensive income	(2,505,524)	-	(2,505,524)
At 30 June 2018	65,126,887	-	65,126,887

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

Statement of Cash Flows for the Financial Year Ended 30 June 2018

	Notes	Consolidated 2018 \$	Consolidated 2017 \$
Cash Flows from Operating Activities			
Receipts from			
Bequests		17,976,342	19,463,512
Donations and other fundraising income		8,659,668	8,340,810
Sale of goods		154,141	623,678
Distributions received		41,216	9,803
Interest received		549,246	486,172
Franking credits refunded		255,715	299,103
National Disability Insurance Scheme (NDIS), Medicare and other government revenue		1,632,006	913,208
Other income incl. rent received		718,909	468,920
Payments to suppliers and employees		(28,171,379)	(28,732,618)
Net cash generated from operating activities		1,815,864	1,872,588
Cash Flows from Investing Activities			
Payment for intangible assets		-	(111,763)
Payments for property, plant and equipment – Guide Dogs NSW/ACT		(1,801,583)	(1,981,955)
Payments for property, plant and equipment – Centre for Eye Health		(174,730)	(462,740)
Proceeds from sale of property, plant and equipment – Guide Dogs NSW/ACT		337,515	326,743
Payments for investments including Future Fund		(5,000,000)	(3,048,085)
Proceeds from redemption of investments (net)		6,509,599	2,684,072
Net cash used in investing activities		(129,199)	(2,593,728)
Net increase/(decrease) in cash held		1,686,665	(721,140)
Cash and cash equivalents at the beginning of the financial year		3,014,073	3,735,213
Cash and cash equivalents at the end of the financial year	16	4,700,738	3,014,073

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2018

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 are for the consolidated entity consisting of Guide Dogs NSW/ACT and its subsidiary.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and other interpretation issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. Guide Dogs NSW/ACT is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

(i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The consolidated financial statements of the Guide Dogs NSW/ACT group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) 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 Centre for Eye Health Limited, the subsidiary of Guide Dogs NSW/ACT (“company” or “parent entity”) as at 30 June 2018 and the results of the subsidiary for the year then ended. Guide Dogs NSW/ACT and its subsidiary 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 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.

Investment in the subsidiary is accounted for at cost less any impairment in the individual financial statements of Guide Dogs NSW/ACT.

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.

Government Revenue

Revenue from Government including grants and other revenue (including National Disability Insurance Scheme income) is recognised when the right to receive payment is established according to the particular agreement such as when the significant act underlying the grant agreement has been fulfilled, and the funds have been expended (as applicable) for the grant purpose.

Contract Revenue

Revenue from the provision of goods and services under contract is recognised when the right to receive payment is established according to the particular agreement.

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 13). Payments made under operating leases (net of any incentives received from lessor) are charged to the Statement of Comprehensive Income 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.

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. 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 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.

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.

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 years

CFEH Diagnostic Equipment 3 to 10 years

Office Furniture and Equipment 2 to 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 group.

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 trade and other receivables in the Statement of Financial Position (note 4).

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 the 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.

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 wholly settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

o) Intangible assets – computer software

Costs incurred in developing systems and costs incurred in acquiring software and licenses are capitalised as computer software on the basis that they will provide financial benefits in the future. Costs capitalised include license fees, external direct costs of materials and consulting services. The computer software system was estimated in previous years to have a useful life of 15 years and was being amortised in equal amounts over this period. Following a decision taken in the 2017/18 financial year to replace these systems, the useful life has been revised to between 1 and 2 years according to the implementation schedule for components of the planned new system. This has resulted in accelerated amortisation in the 2017/18 year of \$794,465.

p) 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 100 members comprising: 60 ordinary members, 16 honorary members and 24 auxiliary members. At 30 June 2017, there were 111 members comprising: 72 ordinary members, 15 honorary members and 24 auxiliary members.

q) 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.

r) New accounting standards and interpretations

The new accounting standards and interpretations published that are mandatory for the year ended 30 June 2018, do not have a material impact on the presentation and disclosure of the financial statements.

Notes to the Financial Statements for the Financial Year Ended 30 June 2018

2. Critical Accounting Estimates and 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.

Notes to the Financial Statements for the Financial Year Ended 30 June 2018

3. Profit from Ordinary Activities

	2018 \$	2017 \$
From continuing operations		
<i>Operating Revenue</i>		
Bequests	17,976,342	20,147,584
Donations	8,659,668	8,340,810
Sale of goods	154,141	543,915
Contract services income	221,032	164,882
<i>Other revenue</i>		
Interest	500,552	509,655
Distributions/Dividends including franking credits	2,038,272	2,306,413
National Disability Insurance Scheme (NDIS), Medicare and other government revenue	1,632,006	913,832
Other	797,559	647,168
	31,979,572	33,574,259
Other income		
Gains on other financial assets at fair value through profit or loss	471,609	806,386
Net gain/(loss) on disposal of investments	763,362	(9,534)
Net loss on disposal of non-current assets	(96,001)	(72,321)
Expenses		
Surplus is calculated after deduction of the following specific expenses		
Depreciation – property, plant and equipment	1,494,655	1,313,243
Amortisation of computer systems	878,480	81,700
Rental expense relating to operating leases	632,612	580,600
Allowance for impairment of receivables	24,676	7,595

4. Current Trade and other Receivables

	2018 \$	2017 \$
Trade receivables	179,584	143,551
Allowance for impairment of receivables	(22,807)	(7,515)
	156,777	136,036
Goods and services tax (GST) recoverable	141,999	187,490
Other	838,540	611,495
	1,137,316	935,021

Due to the short term nature of these receivables, their carrying amount is considered to approximate their fair value.

5. Current Inventories

Finished Goods at cost	71,405	90,613
Allowance for impairment of Finished Goods	-	(41,170)
	71,405	49,443

6. Held to Maturity Investments

Term deposits current	13,007,134	18,488,086
Term deposits non-current	52,281	1,000,000

7. Other current Assets

Prepayments	250,946	321,294
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8. Non-current Financial Assets Designated at Fair Value through profit and loss

Shares in listed companies / securities	498	501
Units in managed funds	35,810,225	33,167,782
Allowance for impairment of managed funds	(498,205)	(1,270,856)
	35,312,518	31,897,427

9. Property, Plant and Equipment

	Freehold Land & Buildings \$	CFEH Leasehold Improv \$	Motor Vehicles \$	CFEH Diagnostic Equipment \$	Furniture & Equipment \$	Total \$
Year ended 30 June 2018						
At 1 July 2017, net of accumulated depreciation	10,305,943	6,592	2,268,471	1,211,134	840,336	14,632,476
Additions	385,221	1,599	982,868	160,698	445,927	1,976,313
Disposals	-	-	(414,160)	-	(19,356)	(433,516)
Depreciation charge for the year	(337,592)	(1,352)	(472,791)	(330,548)	(352,372)	(1,494,655)
At 30 June 2018, net of accumulated depreciation	10,353,572	6,839	2,364,388	1,041,284	914,535	14,680,618
At 30 June 2018						
Cost	14,133,436	2,654,629	3,127,843	3,362,733	5,826,744	29,105,385
Accumulated depreciation	(3,779,864)	(2,647,790)	(763,455)	(2,321,449)	(4,912,209)	(14,424,767)
Net carrying amount	10,353,572	6,839	2,364,388	1,041,284	914,535	14,680,618
At 30 June 2017						
Cost	13,748,215	2,653,030	2,900,611	3,202,035	5,718,473	28,222,364
Accumulated depreciation	(3,442,272)	(2,646,438)	(632,140)	(1,990,901)	(4,878,137)	(13,589,888)
Net carrying amount	10,305,943	6,592	2,268,471	1,211,134	840,336	14,632,476

10. Intangible Assets

	2018 \$	2017 \$
Computer software – at cost	1,252,567	1,252,567
Less amortisation	(1,159,243)	(280,763)
(see note 1(o))		
	93,324	971,804

11. Current – Trade and Other Payables

	2018 \$	2017 \$
Trade payables	1,021,427	461,781
Deferred income	188,119	-
Accruals	1,029,940	1,252,067
	2,239,486	1,713,848

12. Accumulated Surplus

	2018 \$	2017 \$
Balance at beginning of financial year	67,632,411	64,198,104
Net (deficit)/surplus	(2,505,524)	3,434,307
Balance at end of financial year	65,126,887	67,632,411

13. Leases

Operating leases - Leasing arrangements

The operating leases relate to a number of office premises with lease terms expiring from 31 July 2018 to 30 October 2023. One contract has an option for renewal of a five year extension, one has an option for renewal of a four year extension and one has an option for renewal of a one year extension. The other contracts have no options for extensions.

Non-cancellable operating leases		
Within 1 year	821,666	668,991
Later than 1 year but not later than 5 years	2,221,623	410,593
	3,043,289	1,079,584

14. Commitments for Expenditure

Capital commitments

Commitments for the acquisition of plant, equipment and software systems contracted for at the reporting date but not recognised as liabilities payable

Within one year	68,342	9,020
Less: GST	(6,213)	(820)
	62,129	8,200

15. Related Party Disclosures

a) Directors

The following persons were directors of Guide Dogs NSW/ACT during the financial year: J Bennett, Z Bull, L V Druitt, I A Jamieson, J Jones, S Kouris, K M Lane, H Liu, A B Mosman, A B C Stephen

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: P Adrian, L Davis, T O Bodger[^], F Tinsley^{*}, A Clarke[^], K Twitchett[^], D A Cleaver[^], G White^{*}

* Employment ceased during the financial year, [^] appointed during the financial year.

Note that the composition of those positions considered to be key management personnel changed in 2017/18 which has resulted in a reduced number of key management personnel compared to the prior year.

c) Key management personnel compensation

	Short term benefits \$	Post-employment \$	Other long term benefits \$	Total \$
2018	1,153,078	88,767	-	1,241,846
2017	2,186,437	161,608	(13,355)	2,334,690

d) Other transactions with directors

During the financial year payments were made for services rendered on a commercial basis to a veterinary hospital in which A. B. Mosman has an interest. In the year to 30 June 2018 the payments made were \$2,341 (2017: \$1,034)

e) Transactions with controlled entities

	2018 \$	2017 \$
Expense support to CFEH	3,391,316	3,035,287

f) Loan to related entity

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

CFEH loan	1,169,195	1,409,993
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16. Notes to the Statement of cash Flows**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:

Cash and cash equivalents	4,700,738	3,014,073
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17. Additional information to be furnished under the Charitable Fundraising ACT 1991

(Fundraising aggregate gross income and expenditure)

Various fundraising activities were conducted during the year including appeals, regular giving, major gifts, and corporate partnerships.

	2018 \$	2017 \$
Bequests		
Gross proceeds	17,976,342	20,147,584
Expenditure – planned giving	(1,293,198)	(1,211,763)
	16,683,144	18,935,821
Fundraising		
Gross proceeds	8,659,668	8,340,810
Expenditure – fundraising	(5,665,112)	(4,224,731)
	2,994,556	4,116,079
Net surplus from bequests & fundraising	19,677,700	23,051,900
Sale of Merchandise		
Gross proceeds – sale of goods	154,141	543,915
Expenditure	(84,953)	(897,057)
Net surplus/(deficit) from direct marketing	69,188	(353,142)
Net surplus from all fundraising activities	19,746,888	22,698,758
Client O&M service costs	(18,975,158)	(15,345,636)
CFEH service costs	(3,362,832)	(3,063,637)
Community education & advocacy	(469,305)	(1,025,225)
Marketing	(864,315)	(919,612)
Governance and administrative services	(4,909,193)	(4,176,822)
Total charitable purpose expenditure	(28,580,803)	(24,530,932)
Deficit in funds available from all activities	(8,833,915)	(1,832,174)

Additional funds from the following sources

	2018 \$	2017 \$
Contract income	221,032	264,619
Interest received	500,552	509,655
Distributions received (managed funds)	1,782,557	1,871,458
Dividends received (including franking credits)	255,715	434,955
Membership subscription	570	740
Rent received	1,560	1,560
National Disability Insurance Scheme (NDIS), Medicare and other government grants	1,632,006	952,505
Other income	795,429	506,458
Net loss on sale of property, plant & equipment	(96,001)	(72,321)
Net gain/(loss) on sale of investments	763,362	(9,534)
Write up of investments	471,609	806,386
Total Additional Funds net	6,328,391	5,266,481
(Deficit)/Surplus from Ordinary Activities	(2,505,524)	3,434,307

Comparisons

	2018 \$	2018 %	2017 \$	2017 %
Total cost of all fundraising activities	7,043,263		6,333,551	
Gross income from all fundraising activities	26,790,151	26%	29,032,309	22%
Net surplus from all fundraising activities	19,746,888		22,698,758	
Gross income from all fundraising activities	26,790,151	74%	29,032,309	78%
Total cost of direct services	22,807,295		19,434,498	
Total cost of expenditure	35,624,066	64%	30,864,483	63%
Total cost of direct services	22,807,295		19,434,498	
Total income received	33,118,542	69%	34,298,790	57%

18. Auxiliaries and Support Groups

During the year the following auxiliaries/support groups contributed \$24,778 (2017: \$56,907) to Guide Dogs NSW/ACT. Central Coast, Dubbo, Moree, Mudgee, Tamworth

19. Subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with accounting policy described in note 1(b). The financial year end of the controlled entity is the same as that of the parent.

Name of entity	Country of incorporation	Percentage holding
Centre for Eye Health Limited	Australia	100%

Company limited by guarantee with Guide Dogs NSW/ACT as the sole member.

20. Guide Dogs NSW/ACT Future Fund

On 2 January 2013, the company established the Guide Dogs NSW/ACT Future Fund. This fund is a Public Ancillary Fund that was set up with the intent to manage funds, preserve them and provide the company with an annuity income. Guide Dogs NSW/ACT is the sole beneficiary of the fund and Equity Trustees is the trustee and investment manager. The total funds under management are approximately \$3.7 million at 30 June 2018 (2017: \$3.6 million).

21. Events Occurring after the Reporting Period

No matter has arisen during the interval between 30 June 2018 and the date this financial report was authorised for issue that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future years.