

Royal Guide Dogs for the Blind Association of Tasmania

Financial Statements

For the Year Ended 30 June 2010

Royal Guide Dogs for the Blind Association of Tasmania

For the Year Ended 30 June 2010

CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	2
Auditors' Independence Declaration	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	32
Independent Audit Report	33

Royal Guide Dogs for the Blind Association of Tasmania

Directors' Report

30 June 2010

Your directors present their report on the company for the financial year ended 30 June 2010.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Mr M Harris	President	
Mr I Liley	Vice President	
Mr R B Allardice	Treasurer	Resigned July 2010
Mr P Menzie	Director	Resigned October 2009
Dr A Nicholson	Director	Resigned October 2009
Mr B Free	Director	
Mr A Mihal	Director	Resigned October 2009
Mr D L Gordon	Director	
Mr D G Howie	Director	
Mrs M Purtell (nee Shephard)	Director	Appointed June 2009
Dr D Fails	Director	Appointed October 2009
Mr B Swain	Director	Appointed January 2010

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

Company Secretary

The following person held the position of company secretary at the end of the financial year: Mr D English.

Principal Activities

The principal activities of the company during the financial year was the provision of rehabilitation programs for vision impaired persons.

No significant change in the nature of these activities occurred during the financial year.

Short and Long Term Objectives

The company has identified the following objectives:

- to provide mobility and independent living services for blind and vision impaired Tasmanians.
- to meet financial viability and accountability requirements.

The company has adopted the following strategies for achievement of these objectives:

- the preparation of a strategic plan to identify the opportunities and strengths of the company to provide sustainable services.
- the preparation of a plan to communicate the company objectives to stakeholders.
- the preparation of short term and long term budgets and projections.

Royal Guide Dogs for the Blind Association of Tasmania

Directors' Report

30 June 2010

Performance Management

The company uses the following key performance indicators to measure performance:

- service outcome measures including Referrals, Services, Events, Guide Dog Placements and Travel Kilometres.
- financial measures including surplus compared to budget and cash flows compared to budget.

Director Information

Information on Directors

Mr M Harris	President
Qualifications	Part time lecturer in Accountancy at University of Tasmania, Law Department. Fellow, Certified Practising Accountants Australia. Member, Institute of Chartered Accountants. Fellow, Institute Company Secretaries, Past President, CPA Australia Tasmanian Division. Past Director, Tasmanian Office of Financial Supervision (from its inception to its demise overseeing the running of credit unions and building societies). Past National Board Member and Past State Chairman, Institute of Company Secretaries.
Mr I Liley	Vice President
Qualifications	Partner, Liley & Paprocki, Optometrists, Bachelor of Optometry.
Mr R B Allardice	Treasurer
Qualifications	Chartered Accountant with in excess of 20 years experience. Partner, Kaizen Business Services. Formerly, Group Company Secretary Incat Group. Member, Australian Institute of Company Directors.
Mr P Menzie	Director
Qualifications	Certificate III in Telecommunications in a call centre environment. Guide Dog handler for sixteen years. Tasmanian representative, Olympic weight lifting. Grade 6 in AMB practical in piano. 13 years employment with the Department of Defence as Switchboard/Receptionist.
Dr A Nicholson	Director
Qualifications	Practising Veterinarian and Director of private veterinary practice. Bachelor of Veterinary Science (Hons). Master Veterinary Clinical Studies. Grad Dip Professional Business Management. Past President, Veterinary Association of Tasmania. Past Chairman, Veterinary Board of Tasmania. Member and Past Chairman, Australian Veterinary Boards Council. Past President, Tasmanian Council of Professions.
Mr B Free	Director
Qualifications	Former Tasmanian Corporate Affairs Manager, Telstra Corporation. Steward Tasmanian Racing Council. Supervisor, Tasmanian Racing Services.
Mr A Mihal	Director
Qualifications	BA(Hons), LIB(Hons), Grad Cert Legal Practice. Principal, Walsh Day James Mihal. Member, Audit Committee, Association Ukrainians (Tasmania).

Royal Guide Dogs for the Blind Association of Tasmania

Directors' Report

30 June 2010

Director Information continued

Information on Directors continued

Mr D L Gordon	Director
Qualifications	State Secretary, Tasmanian Visually Impaired Children's Support Group (TASVIC). Member, Association of Consultants in Access Australia Inc. (Accredited Access Consultant). Disability Discrimination Advisory Board. Member, Disability Discrimination Advisory Committee, Hobart City Council and Clarence Council. member, Disability Awareness Training Group for Tasmanians with Disabilities and Partners. Southern Chair, Tasmanians with Disabilities. Board Member and Treasurer, Para Quad Tasmania. Qualified Industrial Chef. Qualified Industrial Health, Welfare & Safety Officer, State Government Health Services. Former Divisional Training Officer, St John Ambulance. Former Communications Officer, Tasmanian Fire Brigade and State Ambulance Services.
Mr D G Howie	Director
Qualifications	Partner, KPMG Chartered Accountants. Member, Institute of Chartered Accountants Australia. Member, Institute of Internal Auditors Australia. Registered Company Auditor.
Mrs M Purtell (nee Shephard)	Director
Qualifications	Solicitor, Hilliard and Associates Barristers and Solicitors since 2004. BA, LLB, Grad Cert Legal Practice. Tasmanian Representative, National Young Lawyers Committee. Member, Young Lawyers Tasmania (South). Committee Member, Tasmanian Committee of Australian Lawyers Alliance.
Dr D Fails	Director
Qualifications	Managing Director of a retail and optometry group of companies since 1997. Has served n the Optometrists Registration Board and recently project managed the "Tasmanian Eye Health and Vision Care Initiative". Recently appointed as the Tasmanian Practitioner representative on the Optometry Board of Australia.
Mr B Swain	Director
Qualifications	Partner, Murdoch Clarke Barristers and Solicitors. LLB (Hons). Board Member of Tasmanian Athletic League.

Royal Guide Dogs for the Blind Association of Tasmania

Directors' Report

30 June 2010

Meetings of Directors

During the financial year meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Mr M Harris	14	13
Mr I Liley	14	13
Mr R B Allardice	14	13
Mr P Menzie	4	3
Dr A Nicholson	4	3
Mr B Free	14	10
Mr A Mihal	4	3
Mr D L Gordon	14	13
Mr D G Howie	14	13
Ms M Purtell (nee Shephard)	14	7
Dr D Fails	8	6
Mr B Swain	7	6

The net surplus from ordinary activities amounted to \$ 879,351(2009: \$389,848).

3. Other items

Significant Changes in State of Affairs

Bureau operations which consisted of the sale of external raffles were discontinued on 30 June 2010. It is believed that this will decrease revenue for the 2011 financial year, however result in an increased surplus due to the operational cost of providing Bureau Operations. No other significant changes in the company's state of affairs have occurred during the financial year.

Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member irrespective of class is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the company. At 30 June 2010 the number of members was 399 (2009: 250).

Royal Guide Dogs for the Blind Association of Tasmania

Directors' Report

30 June 2010

3. Other items continued

After balance day events

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

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 7.

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director:

Director:

Name:

Name:

Dated this day of 2010.

Dated this day of 2010.

Royal Guide Dogs for the Blind Association of Tasmania

Auditor's Independence Declaration

For the Year Ended 30 June 2010

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

- (i) no contraventions of the auditor independence requirements as set out in the Australian Professional Ethical Standards or the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK

Alison Flakemore
Audit Partner

Dated this day of 2010.

Royal Guide Dogs for the Blind Association of Tasmania

Statement of Comprehensive Income

For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
Income			
Fundraising		260,781	349,356
Marketing		1,677,794	1,779,260
Services		21,306	27,385
Donations		838,613	621,241
Donations in kind		331,012	414,424
Employment Subsidies		41,282	88,131
Grants Received		464,632	506,229
Interest received		120,394	99,475
Management fees		12,000	12,000
Net gain on disposal of plant and equipment		86,188	4,249
Other income		16,204	54,321
Rent		16,768	23,157
Unrealised gain/(loss) on revaluation of investments		(4,207)	21,500
Total Income		<u>3,882,767</u>	<u>4,000,728</u>
Less: Expenses			
Amortisation expense		-	112,330
Borrowing costs expense		23,332	27,839
Depreciation expense	6	214,101	256,218
Other expenses	2	904,361	1,072,262
Salary and employment benefits		1,861,622	2,142,231
Total Expenses		<u>(3,003,416)</u>	<u>(3,610,880)</u>
Net Surplus		879,351	389,848
Other Comprehensive Income			
Revaluation of assets - buildings		508,854	-
Total Comprehensive Income		<u>508,854</u>	<u>-</u>
Total Comprehensive Income for the year		<u><u>1,388,205</u></u>	<u><u>389,848</u></u>

Royal Guide Dogs for the Blind Association of Tasmania

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,080,101	885,940
Trade and other receivables	4	135,467	207,474
Inventories	5	20,322	43,561
Other financial assets	7	760,255	434,000
Other assets	8	42,814	24,869
TOTAL CURRENT ASSETS		<u>2,038,959</u>	<u>1,595,844</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,867,575	1,636,868
TOTAL NON-CURRENT ASSETS		<u>1,867,575</u>	<u>1,636,868</u>
TOTAL ASSETS		<u>3,906,534</u>	<u>3,232,712</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	128,063	158,327
Borrowings	10	187,029	155,936
Employee benefit provisions	11	62,875	101,300
Other Liabilities	12	18,294	83,867
TOTAL CURRENT LIABILITIES		<u>396,261</u>	<u>499,430</u>
NON-CURRENT LIABILITIES			
Borrowings	10	-	600,000
Employee benefits provisions	11	47,969	59,183
TOTAL NON-CURRENT LIABILITIES		<u>47,969</u>	<u>659,183</u>
TOTAL LIABILITIES		<u>444,230</u>	<u>1,158,613</u>
NET ASSETS		<u>3,462,304</u>	<u>2,074,099</u>
EQUITY			
Reserves	13	1,004,264	495,410
Accumulated surplus		2,458,040	1,578,689
TOTAL EQUITY		<u>3,462,304</u>	<u>2,074,099</u>

Royal Guide Dogs for the Blind Association of Tasmania

Statement of Changes in Equity

For the Year Ended 30 June 2010

2010

	Accumulated Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2009	1,578,689	495,410	2,074,099
Total comprehensive income	879,351	508,854	1,388,205
Balance at 30 June 2010	2,458,040	1,004,264	3,462,304

2009

	Accumulated Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2008	1,188,841	495,410	1,684,251
Total comprehensive income	389,848	-	389,848
Balance at 30 June 2009	1,578,689	495,410	2,074,099

Royal Guide Dogs for the Blind Association of Tasmania

Statement of Cash Flows

For the Year Ended 30 June 2010

	2010	2009
Note	\$	\$
Cash from operating activities:		
Receipts from customers	3,427,231	3,578,357
Payments to suppliers and employees	(2,911,459)	(3,573,783)
Interest received	120,394	103,935
Interest paid	(23,332)	(27,761)
Net cash provided by operating activities	14(b) <u>612,834</u>	<u>80,748</u>
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	335,618	371,462
Purchase of property, plant and equipment	(185,385)	(122,260)
Net cash provided by investing activities	<u>150,233</u>	<u>249,202</u>
Cash flows from financing activities:		
Repayment of borrowings	(600,000)	(100,269)
Payment of finance lease liabilities	31,094	(112,482)
Funds from financing activities	-	709,139
Net cash provided by (used in) financing activities	<u>(568,906)</u>	<u>496,388</u>
Net increase in cash and cash equivalents	194,161	826,338
Cash and cash equivalents at beginning of financial year	885,940	59,602
Cash and cash equivalents at end of financial year	14(a) <u><u>1,080,101</u></u>	<u><u>885,940</u></u>

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies

(a) General Information

The financial statements are for Royal Guide Dogs for the Blind Association of Tasmania as an individual entity, incorporated and domiciled in Australia. Royal Guide Dogs for the Blind Association of Tasmania is a company limited by guarantee.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(c) Comparative Figures

When required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Cash and Cash Equivalents

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

(e) Trade and other receivables

The company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

(f) Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies continued

(g) Property, Plant and Equipment continued

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset class are charged against asset revaluation reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset

Buildings	2.5% - 3.33%
Plant and Equipment	5% - 50%
Motor Vehicles	20% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies continued

(i) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the company.

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(j) Trade payables

Trade and other payables are stated at amortised cost, which approximates fair value due to the short term nature of these liabilities.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(l) Income Tax

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

(m) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

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

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies continued

(n) Borrowings

Secured loans were obtained in 2009. The amount repaid in 2010 was the carrying amount in 2009.

Finance leases are capitalised, recording the asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

(o) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of financial performance in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

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

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies continued

(p) Revenue and Other Income

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

Interest revenue is recognised over the period in which the funds were invested.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Donations and are recognised as revenue when received.

Work in Progress was introduced from the year ending 30 June 2007 in order to segregate expenditure relating to more than one reporting period.

Client and raffles in progress are taken up in the Statement of Comprehensive Income at the time of completion. Work in progress, in relation to open raffles, represents the removal of any profit from the Statement of Comprehensive Income for raffles in progress.

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

Work in progress for closed raffles represents additional expenditure incurred post the end of the financial year for raffles significantly completed at or around the 30 June 2010 year for which the profit has been recognised in the Statement of Comprehensive Income.

(q) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the company has not adopted early. A discussion of those future requirements and their impact on the company is as follows:

- AASB 8AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

- AASB 9 'Financial Instruments' was issued in December 2009 and is Phase I of the IASB's comprehensive project to replace IAS 39 (AASB 139). This standard is effective for periods beginning on or after 1 January 2013, however can be early adopted. The standard represents a significant change in the accounting for financial assets and now only contains two primary measurement categories (fair value or amortised cost) and removes the previous categories of held to maturity, available for sale and loans and receivables. The impacts of these amendments, which become mandatory for the company's 30 June 2014 financial statements, have not yet been quantified.

The company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the company's financial statements.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

2 Other operating expenses

	2010	2009
	\$	\$
Accommodation and travel	22,948	28,861
Accounting fees	-	1,000
Advertising	39,960	43,615
Audit & Assurance Services	20,290	18,880
Bad and doubtful debts	35,363	10,266
Bank charges	5,761	8,943
Board expenses	12,875	2,285
Client costs	3,125	9,298
Consultant fees	7,922	32,176
Cost of goods sold	175,749	277,081
Dogs - care expenses	13,581	17,063
Dogs - purchase of pups	8,550	13,555
Donations	330	3,908
Insurance	39,827	44,843
Legal costs	15,142	10,038
Light, power and gas	25,142	28,906
Motor vehicle	50,001	61,260
Other expenses	70,507	61,825
Postage and freight	87,370	93,064
Printing and stationery	112,997	101,117
Promotional	8,409	302
Providoring	3,704	3,991
Rates and taxes	7,162	8,834
Rent	10,831	23,896
Repairs and maintenance	8,954	7,519
Telephone	113,234	143,962
Volunteer expenses	4,627	15,774
Total other operating expenses	<u>904,361</u>	<u>1,072,262</u>

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

3 Cash and Cash Equivalents

	2010	2009
	\$	\$
Cash on hand	4,744	2,796
Cash at bank	249,970	325,782
Short-term bank deposits	825,387	557,362
	<u>1,080,101</u>	<u>885,940</u>

4 Trade and other receivables

	2010	2009
	\$	\$
CURRENT		
Trade receivables	135,554	209,721
Provision for impairment of receivables	(87)	(2,247)
	<u>135,467</u>	<u>207,474</u>
Total current trade and other receivables	<u>135,467</u>	<u>207,474</u>

(a) Aged analysis

The ageing analysis of receivables is as follows:

	2010	2009
	\$	\$
0-30 days	132,624	136,955
31-60 days	120	1,201
61-90 days (past due not impaired)	2,053	62,102
91+ days (past due not impaired)	757	9,463
	<u>135,554</u>	<u>209,721</u>

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

5 Inventories

	2010	2009
	\$	\$
CURRENT		
At Cost		
Work in progress	-	3,024
Inventories	20,322	40,537
	<u>20,322</u>	<u>43,561</u>

6 Property, Plant and Equipment

	2010	2009
	\$	\$
LAND AND BUILDINGS		
Land & Buildings		
At fair value	1,666,406	1,476,827
Accumulated depreciation	(102,486)	(234,804)
Total land & buildings	<u>1,563,920</u>	<u>1,242,023</u>
Total land and buildings	<u>1,563,920</u>	<u>1,242,023</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	973,092	1,443,829
Accumulated depreciation	(916,109)	(1,281,329)
Total plant and equipment	<u>56,983</u>	<u>162,500</u>
Furniture, fixture and fittings		
At cost	168,504	173,061
Accumulated depreciation	(113,351)	(117,597)
Total furniture, fixture and fittings	<u>55,153</u>	<u>55,464</u>

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

6 Property, Plant and Equipment continued

	2010	2009
	\$	\$
Motor vehicles		
At cost	258,012	284,947
Accumulated depreciation	(71,680)	(110,433)
Total motor vehicles	<u>186,332</u>	<u>174,514</u>
Model Dogs		
At cost	39,142	41,171
Accumulated depreciation	(33,955)	(38,803)
Total property, plant and equipment UD1	<u>5,187</u>	<u>2,368</u>
Total plant and equipment	<u>303,655</u>	<u>394,846</u>
Total property, plant and equipment	<u><u>1,867,575</u></u>	<u><u>1,636,869</u></u>

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Model Dogs	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2010						
Balance at the beginning of year	1,242,023	162,500	55,464	174,514	2,368	1,636,869
Additions	-	24,930	7,146	145,477	5,512	183,058
Disposals	(158,218)	(22,994)	(1,159)	(64,695)	(46)	(247,112)
Depreciation expense	(28,739)	(107,453)	(6,298)	(68,964)	(2,647)	(214,101)
Revaluation increase recognised in equity	508,854	-	-	-	-	508,854
Carrying amount at the end of 30 June 2010	<u>1,563,920</u>	<u>56,983</u>	<u>55,153</u>	<u>186,332</u>	<u>5,187</u>	<u>1,867,575</u>
Year ended 30 June 2009						
Balance at the beginning of year	1,654,217	287,011	72,535	222,672	13,936	2,250,371
Additions	-	14,260	596	107,404	-	122,260
Disposals	(381,956)	(2,140)	(10,466)	(82,935)	(2,047)	(479,544)
Depreciation expense	(30,238)	(136,631)	(7,201)	(72,627)	(9,521)	(256,218)
Carrying amount at the end of 30 June 2009	<u>1,242,023</u>	<u>162,500</u>	<u>55,464</u>	<u>174,514</u>	<u>2,368</u>	<u>1,636,869</u>

The land and building for the Hobart premises was independently valued at 1 March 2010 by the Hobart City Council. The valuation is based on fair value measurement. The valuation resulted in a revaluation increment of \$508,854 being recognised in the Revaluation Reserve for the year ended 30 June 2010.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

7 Other Financial Assets

	2010	2009
	\$	\$
Financial Assets at Fair Value via the Statement of Comprehensive Income	760,255	434,000
Total other financial assets	<u>760,255</u>	<u>434,000</u>

8 Other Assets

	2010	2009
	\$	\$
CURRENT		
Prepayments	26,881	2,510
Accrued income	15,933	22,359
	<u>42,814</u>	<u>24,869</u>

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

9 Trade and other payables

	2010	2009
	\$	\$
CURRENT		
Trade payables	62,404	97,105
Sundry payables and accrued expenses	1,500	2,157
GST Payable/(Receivable)	21,071	26,215
Superannuation	14,101	13,800
Other payables	125	125
PAYGW Tax	33,960	18,925
Franking credits	(5,098)	-
	<u>128,063</u>	<u>158,327</u>

10 Borrowings

	2010	2009
	\$	\$
CURRENT		
Secured liabilities		
Finance lease obligation	<u>187,029</u>	<u>155,936</u>
	<u>187,029</u>	<u>155,936</u>
NON-CURRENT		
Secured liabilities		
Borrowing	<u>-</u>	<u>600,000</u>
	<u>-</u>	<u>600,000</u>

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

11 Employee benefit provisions

	2010	2009
	\$	\$
Current	62,875	101,300
Non-current	47,969	59,183
	<u>110,844</u>	<u>160,483</u>

12 Other Financial Liabilities

	2010	2009
	\$	\$
CURRENT		
Government grants – Deferred Revenue	18,294	83,867
Total	<u>18,294</u>	<u>83,867</u>

13 Reserves

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non current assets.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

14 Cash Flow Information

(a) Reconciliation of cash

	2010	2009
Note	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	1,080,101	885,940
	1,080,101	885,940

(b) Reconciliation of Cash Flow from Operations with net surplus/(deficit)

	2010	2009
	\$	\$
Net surplus / (deficit)	879,351	389,848
Cash flows excluded from surplus/(deficit) attributable to operating activities		
Non-cash items		
Amortisation	-	112,330
Depreciation	214,101	256,218
Net gain on disposal of property, plant and equipment	(86,188)	(4,249)
Unrealised gains/(losses) on investments	4,207	(21,500)
Bequests - Shares	(330,462)	(412,500)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	72,007	124,661
(Increase)/decrease in prepayments	(24,371)	11,633
(Increase)/decrease in inventories	23,239	58,412
(Increase)/decrease in other assets	6,426	(33,727)
Increase/(decrease) in trade and other payables	(30,267)	(343,932)
Increase/(decrease) in employee benefit provisions	(49,638)	(74,035)
Increase/(decrease) in other payables	(65,571)	17,589
	612,834	80,748

15 Financial Instruments

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, investments in equity instruments, accounts receivable and payable.

(b) Treasury Risk Management

The board of directors meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

(c) Financial Risk Management Policies

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

Market Risk

i Interest Rate Risk

For further information on interest rate risk refer to [15(d)]

ii Price Risk

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

The company is exposed to securities price risk on investments held for trading or for medium to longer terms. During the year the Board approved an investment policy which will be implemented during the next financial year which will ensure that the investments are diversified across industries and geographical locations.

Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate facilities are maintained.

(d) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing Over 1 to 5 Years	
	2010	2009	2010	2009	2010	2009
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	4.50	3.50	1,080,101	885,940	-	-
Receivables	-	-	-	-	-	-
Total Financial Assets			1,080,101	885,940	-	-
Financial Liabilities:						
Bank loans and overdrafts	-	11.02	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Lease liabilities	12.08	12.08	-	-	187,029	155,936
Total Financial Liabilities			-	-	187,029	155,936

	Maturing Over 5 Years		Non-interest Bearing	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	-	-	-	-
Receivables	-	-	135,467	207,474
Total Financial Assets	-	-	135,467	207,474
Financial Liabilities:				
Bank loans and overdrafts	-	600,000	-	-
Trade and other payables	-	-	128,063	158,327
Lease liabilities	-	-	-	-
Total Financial Liabilities	-	600,000	128,063	158,327

	Total	
	2010	2009
	\$	\$
Financial Assets:		
Cash and cash equivalents	1,080,101	885,940
Receivables	135,467	207,474
Total Financial Assets	1,215,568	1,093,414

(e) Credit risk

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

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk, liquidity risk and credit risk at balance date. The company is subject to fluctuation in interest rates on amount held on deposit with financial institutions, however these amounts and any change in these amounts would not impact materially the financial statements. The company is subject to interest rate risk on its financial liabilities, however these amounts and any change in these amounts would not impact materially the financial statements. The company monitors and manages its exposure to liquidity risk and credit risk.

As a result of the sensitivity analysis and risk assessment performed by the company, any positive or negative change in interest rate risk, liquidity risk or credit risk would not have a material effect on the financial statements of the company.

Financial Instruments Measured at Fair Value

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

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

2010

	Level 1	Total
	\$	\$
Financial Assets:		
Financial assets at Fair value via the profit and Loss	760,255	760,255
Available-for-sale financial assets	-	-
Held-for-trading financial assets	-	-
Held-to-Maturity financial assets	-	-
	760,255	760,255

2009

Financial Liabilities:		
Financial assets at Fair value via the profit and Loss	434,000	434,000
Available-for-sale financial assets	-	-
Held-for-trading financial assets	-	-
Held-to-Maturity financial assets	-	-
	434,000	434,000

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

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

16 Capital Management

Management control the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The finance and audit committee ensures that the overall risk management strategy is in line with this objective.

The Board of Directors approve the policies under which management must operate. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The gearing ratio for the year ended 30 June 2010 and 30 June 2009 are as follows:

		2010	2009
	Note	\$	\$
Borrowings		187,029	755,936
Less Cash and cash equivalents	3	<u>(1,080,101)</u>	<u>(885,940)</u>
Net debt		(893,072)	(130,004)
Equity		<u>3,462,304</u>	<u>2,074,099</u>
Gearing ratio		(26)%	(6)%

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

17 Capital and Leasing Commitments

Operating Lease Commitments

	2010	2009
	\$	\$
Payable - minimum lease payments:		
- not later than 12 months	14,040	14,040
- between 12 months and 5 years	31,590	45,630
Minimum lease payments	<u>45,630</u>	<u>59,670</u>
Present value of minimum lease payments	<u>45,630</u>	<u>59,670</u>

Operating lease of a photocopier for 60 month that began in September 2008.

Finance Lease Commitments

	2010	2009
	\$	\$
Minimum Lease Payment	210,115	174,269
Less future Finance Charge	<u>(23,086)</u>	<u>(18,333)</u>
Present value of minimum lease payments	<u>187,029</u>	<u>155,936</u>

The finance leases on motor vehicles of which there are 9, commencing between 2009 and 2010 are 3-year leases all with an option to purchase at the end of the lease term. No debt covenants or other such arrangements are in place.

18 Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets as at reporting date to be disclosed.

19 Events After the Balance Date

There are no events after the balance date affecting this financial report to be disclosed.

20 Company Details

Registered office

The registered office of the company is:
Royal Guide Dogs for the Blind Association of Tasmania
164 Elizabeth Street
Hobart Tasmania 7000

Principal place of business

The principal places of business is:
Royal Guide Dogs Association of Tasmania
164 Elizabeth Street
Hobart Tasmania 7000

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Statements

For the Year Ended 30 June 2010

21 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member irrespective of class is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the company. At 30 June 2010 the number of members was 399 (2009: 250).

Royal Guide Dogs for the Blind Association of Tasmania

Directors' Declaration

The directors of the entity declare that:

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

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

Director

Director

Dated this day of 2010.

Dated this day of 2010.

Royal Guide Dogs for the Blind Association of Tasmania

Independent Audit Report to the members of Royal Guide Dogs for the Blind Association of Tasmania

Report on the Financial Statements

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

Director's Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

The financial statements have been prepared for distribution to members for the purpose of fulfilling the director's financial reporting under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Royal Guide Dogs for the Blind Association of Tasmania

Independent Audit Report to the members of Royal Guide Dogs for the Blind Association of Tasmania

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Professional Ethical Standards and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Royal Guide Dogs for the Blind Association of Tasmania as 30 June 2010, and of its performance and cash flows for the year ended in accordance with the Corporations Act 2001 and the Australian Accounting Standards (including the Australian Accounting Interpretations).

WHK

Alison Flakemore
Audit Partner

Auditor Qualifications

Bachelor of Commerce with Honors
Registered Company Auditor No. 241220
Institute of Chartered Accountants Australia No. 96387

Dated this day of 2010.