

Royal Guide Dogs for the Blind Association of Tasmania
ACN 009 486 873

Annual Report
30 June 2015

Royal Guide Dogs for the Blind Association of Tasmania

DIRECTORS REPORT

The Directors present their report of the Royal Guide Dogs for the Blind Association of Tasmania ('the Company'), for the financial year ended 30 June 2015 and the auditors' report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year to the date of this report are:

Mr D G Howie	Director	Director since June 2009.
<i>Qualifications:</i> Partner, KPMG Chartered Accountants. B.Com.Member, Institute of Chartered Accountants Australia. Member, Institute of Internal Auditors Australia. Registered Company Auditor.		
Mrs S Shoobridge	President	Director since August 2013. President since February 2015
<i>Qualifications:</i> Chief Financial Officer, Forestry Tasmania.Bachelor of Commerce, University of Melbourne.Fellow of CPA Australia Fellow of Australian Institute of Company Directors. Council Member, CPA Australia Tasmanian Divisional Council		
Mr B Swain	Director	Director since January 2010. Vice-President since October 2011.
<i>Qualifications:</i> Partner, Murdoch Clarke Barristers and Solicitors. LLB (Hons). Board Member of Tasmanian Athletic League.		
Mrs E Guy	Director	Director since June 2011.
<i>Qualifications:</i> Finance Manager Contact Electrical. Director, Board of Governance, Scotch Oakburn School, 1995 - 2010. Member, CPA Australia. Honorary Life Member, Royal Guide Dogs Tasmania.		
Ms E Dixon	Director	Director since July 2011.
<i>Qualifications:</i> Master in Regional Development Policy. Diploma Entrepreneurial Management. Graduate Australia Institute of Company Directors. Regional Manager North and North West Programs and Services. Community Development Division - DPAC.		
Ms N Nelson	Director	Director since November 2012. Resigned February 2015.
<i>Qualifications:</i> Financial Controller, B.Com, Member, CPA Australia		
Mr D Donato	Director	Director since November 2012
<i>Qualifications:</i> Financial Planner, Strategic Financial Planning, ADFS ,FPA		
Mr S Marston	Director	Director since November 2012
<i>Qualifications:</i> General Manager, Institute of Marine and Antarctic Studies, A/Dip B(A), B.Bus, Grad Dip PM, Grad Dip Franchising		
Mr A Hogan	Director	Director since April 2014
<i>Qualifications:</i> Optometrist, Optomeyes Holdings (OPSM Tasmania)		

Directors' meetings

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

Director	Directors' Meetings	
	Eligible to attend	Number attended
Mr D G Howie	9	8
Mr B Swain	9	9
Mrs E Guy	9	8
Ms E Dixon	9	7
Ms N Nelson	4	0
Mr D Donato	9	7
Mr S Marston	9	7
Mrs S Shoobridge	9	6
Mr A Hogan	9	6
Mr D English (Secretary)	9	6

Company Secretary

Mr Dan English held the position of Company Secretary during and at the end of the financial year.

Royal Guide Dogs for the Blind Association of Tasmania

DIRECTORS REPORT

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.

Results of operations

The net surplus from ordinary activities amounted to \$1,019,542 (2014:\$1,054,096).

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's objectives to stakeholders.
- The preparation of short term and long term budgets and projections.

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

- Service outcome measures including Referrals, Service Events, Guide Dog Placements and Travel Kilometres.
- Financial measures including surplus compared to budget, cash flows compared to budget and current ratio.

State of Affairs

There were no significant changes in the Company's state of affairs 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 2015 the number of members was 137 (2014:138).

Events Subsequent to Reporting Date

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.

Indemnification and Insurance of Officers and Auditors

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

Proceedings on behalf of the 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.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 3 and forms part of the Directors Report for the financial year ended 30 June 2015.

Dated at Hobart this 15th day of September 2015

Signed in accordance with a resolution of Directors:




.....
Sue Shoobridge
President

Royal Guide Dogs for the Blind Association of Tasmania

Auditor Independence Declaration under 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 To the Directors of Royal Guide Dogs for the Blind Association of Tasmania

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

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



Crowe Horwath Tasmania



Alison Flakemore
Audit Partner

Dated this 10th day of September 2015.
Hobart, Tasmania

**Royal Guide Dogs for the Blind Association of Tasmania
ACN 009 486 873**

**Annual General Purpose Financial Report
30 June 2015**

Royal Guide Dogs for the Blind Association of Tasmania
ACN 009 486 873

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Results from continuing operations			
Income			
Fundraising		559,340	413,301
Marketing		189,684	328,834
Services		122,263	84,315
Donations		53,355	98,588
Donations from bequests		1,239,480	1,138,765
Grants received		472,596	541,863
Interest received		160,463	172,699
Dividends received		133,334	79,454
Management fees		12,000	12,000
Net gain on disposal of plant and equipment		-	5,509
Other income		17,818	22,388
Rent		7,097	14,880
Realised/unrealised gain/(loss) on investments		47,624	208,737
Total income		<u>3,015,054</u>	<u>3,121,333</u>
Expenses			
Finance lease interest		-	71
Depreciation expense	10	81,401	76,509
Net loss on disposal of plant and equipment		32,366	-
Other expenses	4	602,124	651,507
Salary and employment benefits		1,279,621	1,339,150
Total expenses		<u>1,995,512</u>	<u>2,067,237</u>
Net surplus from continuing operations		<u>1,019,542</u>	<u>1,054,096</u>
Other comprehensive income			
Total other comprehensive income for the year		(400,646)	-
Total comprehensive income for the year		<u>618,896</u>	<u>1,054,096</u>

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 18.

**Royal Guide Dogs for the Blind Association of Tasmania
ACN 009 486 873**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,796,007	1,536,529
Trade and other receivables	7	169,604	72,200
Inventories	8	16,785	36,855
Other financial assets	9	4,096,300	4,130,410
Total current assets		<u>6,078,696</u>	<u>5,775,994</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	887,699	1,242,724
Building work in progress	10	1,057,367	-
Total non-current assets		<u>1,945,066</u>	<u>1,242,724</u>
Total Assets		<u>8,023,762</u>	<u>7,018,718</u>
CURRENT LIABILITIES			
Trade and other payables	11	557,600	135,209
Employee benefits	12	124,493	136,744
Total current liabilities		<u>682,093</u>	<u>271,953</u>
NON-CURRENT LIABILITIES			
Employee benefits	12	9,357	33,349
Total non-current liabilities		<u>9,357</u>	<u>33,349</u>
Total Liabilities		<u>691,450</u>	<u>305,302</u>
Net assets		<u>7,332,312</u>	<u>6,713,416</u>
EQUITY			
Reserves	13	395,385	796,031
Accumulated surplus		6,936,927	5,917,385
Total equity		<u>7,332,312</u>	<u>6,713,416</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 18.

**Royal Guide Dogs for the Blind Association of Tasmania
ACN 009 486 873**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Asset Revaluation Reserve \$	Accumulated Surplus \$	Total Equity \$
As at July 1, 2013	796,031	4,863,289	5,659,320
Total comprehensive income for the period			
Surplus for the Period	-	1,054,096	1,054,096
Total other comprehensive income	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>1,054,096</u>	<u>1,054,096</u>
Balance at 30 June 2014	<u>796,031</u>	<u>5,917,385</u>	<u>6,713,416</u>
As at July 1, 2014	796,031	5,917,385	6,713,416
Total comprehensive income for the period			
Surplus for the Period	-	1,019,542	1,019,542
Total other comprehensive income	(400,646)	-	(400,646)
Total comprehensive income for the period	<u>(400,646)</u>	<u>1,019,542</u>	<u>618,896</u>
Balance at 30 June 2015	<u>395,385</u>	<u>6,936,927</u>	<u>7,332,312</u>

The Statement of Changes In Equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 18.

Royal Guide Dogs for the Blind Association of Tasmania
ACN 009 486 873

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		2,726,747	2,651,231
Payments to suppliers and employees		(2,082,529)	(1,974,464)
Interest received		160,463	172,699
Interest paid		-	(71)
Net cash provided by / (used in) operating activities	14	<u>804,681</u>	<u>849,395</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(742,511)	(20,799)
Dividends received		115,574	75,052
Proceeds from sale of investments		3,376,843	1,416,015
Payments for new investments		(3,295,109)	(3,029,782)
Proceeds from sale of property, plant and equipment		-	5,805
Net cash provided by / (used in) investing activities		<u>(545,203)</u>	<u>(1,553,709)</u>
Cash flows from financing activities			
Payment of finance lease liabilities		-	(4,220)
Net cash provided by / (used in) financing activities		<u>-</u>	<u>(4,220)</u>
Net increase/(decrease) in cash held		259,478	(708,534)
Cash and cash equivalents at the beginning of the financial year		1,536,529	2,245,063
Cash and cash equivalents at the end of the financial year	14	<u>1,796,007</u>	<u>1,536,529</u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 18.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Report for the year ended 30 June 2015

Accounting policies

1) General information

The financial statements are for the Royal Guide Dogs for the Blind Association of Tasmania (the Company) which is a company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 164 Elizabeth Street, Hobart, Tasmania 7000. The Company is considered 'not-for-profit' and is primarily involved in the provision of rehabilitation programs for vision impaired persons.

The financial statements were authorised for issue by the Directors on 15th September, 2015.

2) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of all applicable Australian Accounting Standards ("AASBs") including Accounting Interpretations, adopted by the Australian Accounting Standards Board ("AASB") and the Australian Charities and Not-for-profits Commission Act 2012.

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

The financial statements are presented in Australian dollars, which is also the functional currency of the Company.

The financial statements are prepared on the historical cost basis except that buildings and financial asset investments are stated at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are as follows:

- Fair value of buildings (refer note 10)

3) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the Company's general purpose financial report.

(a) Financial Instruments

(i) Non-derivative Financial Instruments

The Company does not hold any derivative financial instruments. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, equity investments and trade and other payables. The Company does not hold any financial instruments in the categories of held-to-maturity investments or financial liabilities at fair value through profit or loss.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Notes to the Financial Report for the year ended 30 June 2015

Accounting policies

Subsequent to initial recognition non-derivative financial instruments are measured as follows:

- Cash and cash equivalents - are classified as available-for-sale financial assets and measured at fair value subsequent to initial recognition, which is the face value of the cash. Cash and cash equivalents comprise cash balances and at call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

- Trade and other receivables – are classified as a loan and receivable and stated at their amortised cost less impairment losses (see accounting policy '3b'). The collectibility of debts is assessed at balance date for identified doubtful accounts and unidentified losses and allowance is made for such identified impairment. Trade receivables with a short duration are not discounted. Collection terms are 30 days for trade receivables.

- Other financial assets – include equity investments and are classified as financial assets at fair value through profit and loss. The investments are measured at market value each balance date with any movement being taken to the profit and loss.

- Trade and other payables – are classified as an other liability and stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Financial assets with short lives are not discounted.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill (if any) allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(c) Inventories

Inventories are valued 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.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Report for the year ended 30 June 2015

Accounting policies

(d) Property, plant and equipment

(i) Recognition and measurement

Owned Assets

Each class of property, plant and equipment is measured at cost (except land and buildings which are measured at fair value) less any accumulated depreciation and impairment losses.

Fair value for land and buildings are based on valuations by external independent valuers with sufficient regularity to ensure the carrying amount of property does not differ materially from its fair value at balance date.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors valuations to ensure the land and buildings carrying amount is not materially different to the fair value.

Any revaluation increase arising on the revaluation of land and buildings is credited to an asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same class of asset previously recognised as an expense in profit or loss, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to accumulated surplus.

(ii) Depreciation

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 or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

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

• Buildings	2.5 - 3.33%
• Plant and Equipment	5 - 50%
• Furniture, fixtures and fittings	5 - 20%
• Motor Vehicles	20 - 25%
• Model Dogs	12.50%

(e) Employee Entitlements

(i) Short-term benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

(ii) Defined contribution superannuation plans

Contributions to defined contribution superannuation plans are expensed when incurred. The Company has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees on retirement.

(f) Finance leases

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.

(g) Taxation

The Company is exempt from Income Tax in accordance with Division 50 of the Income Tax Assessment Act 1997.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Report for the year ended 30 June 2015

Accounting policies

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO) it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or
- (ii) for receivables and payables which are recognised 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.

(i) Revenue

- (i) Revenue from the sale of goods is recognised upon the delivery of goods to customers.
- (ii) Interest revenue is recognised over the period in which the funds were invested.
- (iii) Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
- (iv) Donations and bequests are recognised as revenue when received.

(v) Work in Progress

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. This work in progress is included in trade and other payables in the Statement of Financial Position.

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

(j) 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.

(k) Operating lease payments

Payments made under operating leases where the lessors retain substantially all the risks and benefits of ownership of those leased items, are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(l) Borrowing costs

Borrowing costs include interest on finance leases. 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.

(m) Assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Notes to the Financial Report for the year ended 30 June 2015

Accounting policies

(n) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2015, but have not been applied in preparing these financial statements. The Company intends to adopt these standards in the first financial reporting period to which each standard is first applicable to. The extent of impact, if any, that the initial implementation of the Standards will have on the financial statements has yet to be determined, unless noted below.

AASB 9 'Financial Instruments' - In October 2010 the IASB issued IFRS 9 Financial Instruments (IFRS 9 [2010]) with an effective date of 1 January 2013. IFRS 9 (2010) supersedes the previous version that was issued in November 2009 (IFRS 9 [2009]). The AASB in 2014 deferred the effective date of both these standards to 1 January 2018. Early adopters may elect to apply IFRS 9 (2010) or IFRS 9 (2009) for periods beginning before 1 January 2018. This standard forms part of the IASB's comprehensive project to replace IAS 39 (AASB 139). The standard represents a significant change in the accounting for financial assets and liabilities, including hedging arrangements. The impacts of these amendments, which become mandatory for the Company's 30 June 2019 financial statements, have not yet been quantified, however it will impact the level of disclosure around financial instruments.

IFRS 15 'Revenue from contracts with customers': This standard, awaiting approval by the AASB, contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The standard, if approved by the AASB, would become mandatory for the Company's 30 June 2018 financial statements. The impact on the financial statements has not yet been considered.

(o) Comparatives

Where appropriate comparatives have been adjusted to conform to changes in presentation for the current financial year.

Royal Guide Dogs for the Blind Association of Tasmania

Notes to the Financial Report for the year ended 30 June 2015

	2015	2014
	\$	\$
4 OTHER OPERATING EXPENSES		
Accommodation and travel	35,240	43,968
Advertising	19,260	5,993
Bank charges	4,357	5,761
Board expenses	13,673	13,183
Client costs	8,930	35,106
Consultant fees	105,953	51,926
Cost of goods sold	64,390	80,237
Dogs - care expenses	17,864	18,411
Dogs - purchase of pups	5,223	18,677
Insurance	34,898	40,199
Legal costs	1,033	12,459
Light, power and gas	13,487	15,581
Motor vehicle	37,909	46,900
Other expenses	79,929	72,690
Postage and freight	28,904	39,031
Printing and stationery	18,593	47,575
Promotional	10,734	16,650
Providoring	490	1,138
Rates and taxes	11,230	10,520
Rent	24,141	18,829
Repairs and maintenance	12,788	6,724
Telephone	52,943	49,042
Volunteer expenses	155	907
	<u>602,124</u>	<u>651,507</u>
5 AUDITORS REMUNERATION		
Remuneration of Auditors (Crowe Horwath Tasmania)		
• Audit of the financial report	13,020	12,005
• Other Services	1,650	2,225
	<u>14,670</u>	<u>14,230</u>
6 CASH & CASH EQUIVALENTS		
Cash on hand	1,545	2,831
Cash at bank - operating accounts	501,975	434,462
Cash at bank - investment accounts	1,282,851	1,099,236
Cash at bank - salary packaging float	9,636	-
	<u>1,796,007</u>	<u>1,536,529</u>
7 TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	48,562	20,507
Less: Provision for impairment	-	-
	<u>48,562</u>	<u>20,507</u>
Franking credits receivable	55,189	37,429
GST receivable	60,443	558
Prepayments	5,410	13,706
	<u>169,604</u>	<u>72,200</u>
8 INVENTORIES		
Current - at cost		
Inventories	16,785	36,855
	<u>16,785</u>	<u>36,855</u>
9 OTHER FINANCIAL ASSETS		
Financial assets at fair value through profit and loss - equity investments	2,992,000	2,517,410
Financial assets at cost - unlisted equity investments	1,300	-
Term deposit accounts	1,103,000	1,613,000
	<u>4,096,300</u>	<u>4,130,410</u>

(a) Unlisted Equity Investments

The shareholding is measured at cost as its fair value could not be measured reliably. Based on the net asset backing any fair value determination of these shares is likely to be greater than their cost value, but due to the absence of a ready market and restriction on the ability to transfer the shares, a market value is not able to be determined readily.

Notes to the Financial Report for the year ended 30 June 2015

		2015	2014
		\$	\$
10 PROPERTY, PLANT AND EQUIPMENT			
<i>Freehold land and buildings</i>			
Freehold land at fair value		570,000	570,000
Buildings at fair value		650,000	650,000
Less: Write down		(400,646)	-
Less: accumulated depreciation		(115,400)	(93,755)
Total buildings		133,954	556,245
Total land and buildings at fair value		703,954	1,126,245
<i>Plant and equipment</i>			
Plant and equipment - at cost	(a)	271,724	497,083
Less: accumulated depreciation		(122,721)	(458,505)
Total plant and equipment		149,003	38,578
Furniture, fixture and fittings - at cost	(a)	56,223	144,273
Less: accumulated depreciation		(32,583)	(91,240)
Total furniture and fittings		23,640	53,033
Motor vehicles - at cost		241,185	241,185
Less: accumulated depreciation		(238,825)	(227,177)
Total motor vehicles		2,360	14,008
Model dogs - at cost		54,507	54,507
Less: accumulated depreciation		(45,765)	(43,647)
Total model dogs		8,742	10,860
Total plant and equipment		183,745	116,479
Total Property, plant and equipment		887,699	1,242,724

- (a) During the year, a full stocktake of assets was undertaken. During this stocktake a number of assets that had reached the end of their useful lives were identified and written off in the general ledger. Fixtures, fittings, and plant and equipment that were identified as being obsolete or disposed of as part of the Hobart office equipment refresh and building renovations were also written off in the general ledger. The gross cost of \$472,797 [2014:\$33,576] and associated accumulated depreciation (\$440,431) [2014:\$33,285] of these assets were written off in the general ledger, with a loss on disposal of \$(32,366) [2014: \$296] posted to the Income Statement.

Movements in Carrying Amounts

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Model Dogs	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2015							
Balance at the beginning of year	570,000	556,245	38,578	53,033	14,008	10,860	1,242,724
Additions	-	-	156,423	2,965	-	-	159,388
Disposals	-	-	(7,051)	(25,315)	-	-	(32,366)
Depreciation expense	-	(21,645)	(38,947)	(7,043)	(11,648)	(2,118)	(81,401)
Write down	-	(400,646)	-	-	-	-	(400,646)
Carrying amount at the end of 30 June 2015	570,000	133,954	149,003	23,640	2,360	8,742	887,699
Year ended 30 June 2014							
Balance at the beginning of year	570,000	577,890	32,658	56,924	48,280	12,978	1,298,730
Additions	-	-	17,477	3,322	-	-	20,799
Transfer to assets held for sale	-	-	-	-	-	-	-
Disposals	-	-	(296)	-	-	-	(296)
Depreciation expense	-	(21,645)	(11,261)	(7,213)	(34,272)	(2,118)	(76,509)
Revaluation decrease recognised in equity	-	-	-	-	-	-	-
Carrying amount at the end of 30 June 2014	570,000	556,245	38,578	53,033	14,008	10,860.00	1,242,724

The land and buildings relate to property in Hobart which were last valued independently as at 20 September 2011 by Brothers & Newton Opteon. The valuation was based on fair value measurement. Having regard to the building renovation and the Work in Progress value of \$1,057,367 as at 30 June 2015, the Directors have assessed the carrying value at 30 June 2015 and have determined to write down the buildings to \$133,954. This decrement in buildings has reduced the asset revaluation reserve by \$400,646.

- (b) Work in progress for Hobart office refurbishment

	2015	2014
	\$	\$
Progress claims paid during the reporting period:	583,123	-
Estimated work completed but not yet billed to 30/06/2015:	474,244	-
Total	1,057,367	-

Notes to the Financial Report for the year ended 30 June 2015

	2015	2014
	\$	\$
11 TRADE AND OTHER PAYABLES		
Current		
Trade payables	62,819	104,146
Sundry payables and accrued expenses	475,551	21,057
Raffle interim result	-	(1,149)
Superannuation	7,701	-
Other payables	57	86
PAYG Withholding Tax	11,472	11,069
	<u>557,600</u>	<u>135,209</u>
12 EMPLOYEE BENEFITS		
Current		
Annual leave	69,119	67,852
Long service leave	55,374	68,892
	<u>124,493</u>	<u>136,744</u>
Non-Current		
Long service leave	9,357	33,349
	<u>9,357</u>	<u>33,349</u>

13 RESERVES

Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold, that portion of the asset revaluation reserve which relates to that asset is effectively realised, and is transferred to accumulated surplus.

14 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts at call. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015	2014
	\$	\$
Cash and cash equivalents	<u>1,796,007</u>	<u>1,536,529</u>
	<u>1,796,007</u>	<u>1,536,529</u>

(b) Reconciliation of net surplus / (deficit) to Net Cash Provided by Operating Activities

	2015	2014
Net surplus / (deficit)	1,019,542	1,054,096
<i>Add (less) non-cash items:</i>		
Depreciation	81,401	76,509
Net (gain) / loss on sale of plant and equipment	32,366	(5,509)
Dividend income	(133,334)	(79,454)
Unrealised (gain)/loss on revaluation of investments	(47,624)	(208,737)
<i>Change in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(79,644)	(8,462)
(Increase)/decrease in inventories	20,070	(9,008)
Increase/(decrease) in trade and other payables	(51,853)	61,111
Increase/(decrease) in employee benefits	(36,243)	(31,151)
Net cash provided by operating activities	<u>804,681</u>	<u>849,395</u>

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, trade and other receivables and trade and other payables.

Key risks

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). The balance of this note outlines the nature, exposures and risk mitigation strategies applied by the Company to these risks.

(b) 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:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Maturing		Non Interest bearing	Total
			1-5 Years	> 5 years		
2015	%	\$	\$	\$	\$	
Financial Assets:						
Cash and cash equivalents	1.29	917,499	-	-	1,545	919,044
Term deposits	3.91	1,979,963	-	-	-	1,979,963
Trade Receivables	-	-	-	-	48,562	48,562
Other Receivables	-	-	-	-	121,042	121,042
Equity Investments	-	-	-	-	2,993,300	2,993,300
Total Financial Assets		2,897,462	-	-	3,164,449	6,061,911
Financial Liabilities:						
Trade payables	-	-	-	-	62,819	62,819
Other payables	-	-	-	-	494,781	494,781
Total Financial Liabilities		-	-	-	557,600	557,600
2014						
Financial Assets:						
Cash and cash equivalents	3.47	1,533,698	-	-	2,831	1,536,529
Term deposits	-	1,613,000	-	-	-	1,613,000
Trade Receivables	-	-	-	-	20,507	20,507
Other Receivables	-	-	-	-	51,693	51,693
Equity Investments	-	-	-	-	2,517,410	2,517,410
Total Financial Assets		3,146,698	-	-	2,592,441	5,739,139
Financial Liabilities:						
Trade payables	-	-	-	-	104,146	104,146
Other Payables	-	-	-	-	31,063	31,063
Lease obligations	8.18	-	-	-	-	0
Total Financial Liabilities		-	-	-	135,209	135,209

(c) Equity 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. The Board approved an investment policy which was implemented during the current financial year which aims to ensure that the investments are diversified across industries and geographical locations. A reasonable possible movement in equity prices of +/- 10% would increase / decrease the surplus for the year by \$299,300 (2014: \$251,741) with the corresponding increase / decrease impacting the investment (other financial assets) value.

The Board also appointed UBS as its financial advisers to assist in providing specialist advice in the Company's investment decisions. UBS is withdrawing from the Wealth Management business division in November 2015 and will be replaced by the appointment of Bell Potter.

(d) Liquidity Risk

Liquidity risk relates to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

The table under 16 (b) above outlines the contractual maturities of financial liabilities, with non-interest bearing liabilities maturing in less than three months.

Notes to the Financial Report for the year ended 30 June 2015

15 FINANCIAL INSTRUMENTS (CONTINUED)

(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. (Includes trade and other receivables, investments and cash and cash equivalents.)

The Company manages this risk by ensuring it only deals with credible customers and credible financial institutions.

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.

The ageing analysis of receivables is as follows:

	2015	2014
	\$	\$
0-30 days	13,761	13,732
31-60 days	31,864	6,775
61-90 days (past due not impaired)	1,498	-
91+ days (past due not impaired)	1,639	-
	<u>48,562</u>	<u>20,507</u>

(f) 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 amounts held on deposit with financial institutions and on its financial liabilities. 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.

(g) 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 or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

2015	Level 1	Total
	\$	\$
Financial Assets:		
Financial assets at Fair value via the profit and Loss	2,992,000	2,992,000
Available-for-sale financial assets	-	-
Held-for-trading financial assets	-	-
Held-to-Maturity financial assets	-	-
	<u>2,992,000</u>	<u>2,992,000</u>
2014		
Financial Liabilities:		
Financial assets at Fair value via the profit and Loss	2,517,410	2,517,410
Available-for-sale financial assets	-	-
Held-for-trading financial assets	-	-
Held-to-Maturity financial assets	-	-
	<u>2,517,410</u>	<u>2,517,410</u>

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.

16 CAPITAL MANAGEMENT

Management control the capital of the Company to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The 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 Company's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company'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 2015 and 30 June 2014 are as follows:

	Note	2015 \$	2014 \$
Less cash and cash equivalents	6	(1,796,007)	(1,536,529)
Net debt		(1,796,007)	(1,536,529)
Equity		7,332,312	6,713,416
Gearing ratio		-24.49%	-22.89%

17 CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Payable - minimum lease payments:

- not later than 12 months

21,008

20,800

- between 12 months and 6 years

54,270

74,533

Minimum lease payments

75,278

95,333

Present value of minimum lease payments

71,467

91,528

The operating lease relates to the lease of Launceston premises to January 2019 and increases annually by the CPI rate.

Capital expenditure commitment - As at 30 June 2015, the capital expenditure for building renovations and plant and equipment, authorised and contracted for, which has not been provided for in the financial statements, amounted to \$708,504. Settlement is scheduled to occur in September 2015.

18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

19 SUBSEQUENT EVENTS

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

20 MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the company. At 30 June 2015 the number of members was 137 (2014: 138).

21 RELATED PARTY TRANSACTIONS

During the course of the reporting period, \$1,688 was paid to Murdoch Clarke Barristers and Solicitors. Benjamin Swain is a Director of Royal Guide Dogs for the Blind Association of Tasmania and a partner of Murdoch Clarke. Mr Swain individually provides significant pro bono legal advice to the Association, however, payment was made in relation to additional expertise required in relation to advice provided. Payment was made at substantially discounted rates.

Royal Guide Dogs for the Blind Association of Tasmania

Directors Declaration

In the opinion of the directors of Royal Guide Dogs for the Blind Association of Tasmania (the Company):

- (a) the financial statements and notes, set out on pages 4 to 18 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including Australian Interpretations) and the Australian Charities and Not-for-profits Commission Regulations 2013; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board



Sue Shoobridge
President

Dated at Hobart, 15th September 2015

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 Report

We have audited the accompanying financial report of Royal Guide Dogs for the Blind Association of Tasmania, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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 Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of Royal Guide Dogs for the Blind Association of Tasmania, would be in the same terms if given to the Directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Royal Guide Dogs for the Blind Association of Tasmania is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Crowe Horwath Tasmania



Alison Flakemore
Audit Partner

Dated this 17th day of September 2015.
Hobart, Tasmania