
GUIDE DOGS NSW/ACT

ABN 52 000 399 744

Financial Report for the Financial
Year Ended 30 June 2012

GUIDE DOGS NSW/ACT

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Page
Directors' Report	3
Auditor's Independence Declaration	7
Independent Auditor's Report	8
Principal Officer Declaration – Charitable Fundraising Act 1991	10
Directors' Declaration	11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Accumulated Funds	14
Statement of Cash Flows	15
Notes to the Financial Statements	16

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

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

These financial statements were authorised for issue by the directors on 24 September 2012. The directors have the power to amend and reissue the financial statement.

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereinafter as the Group) consisting of Guide Dogs NSW/ACT and the entities it controlled at the end of or during the financial year ended 30 June 2012.

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

Mr Allan Barry Calvert Stephen, President

FFA, FIAA, FAICD

Formerly, General Manager Zurich Australia Limited responsible for all aspects of the business including strategy development and execution, ensuring staff alignment, and that corporate governance processes remained relevant in a rapidly changing regulatory environment. Aged 69. Joined the Board in 1999. Over 30 years' experience as a Director of unlisted public companies. Director of the Centre for Eye Health Limited and Australian Centre for Eye Health Limited. Currently a member of the Finance, Audit & Risk Management Sub-committee and the Nomination & Remuneration Sub-committee.

Mrs Linda Vivienne DRUITT, Vice President

CPA

Partner, Nortons Business Advisors (Chartered Accountants). Aged 53. Joined the Board in 2004. Lindy has 25 years' experience in public practice offering business advice, self-managed superannuation and taxation services to small to medium business. Currently Chair of the Finance, Audit & Risk Management Sub-committee and a member of the Nomination & Remuneration Sub-committee.

Mr James BENNETT

BEng

Mechanical Engineer and self-employed business consultant (Disability Services Auditor). Aged 64. Joined the Board in 2011. James is a client, an experienced Guide Dog user and an advocate for the blind and low vision community. He consults as a Consumer Technical Expert (RAB/QSA), Audit Trained Service User (Queensland Government Disability Services), Service User Technical Expert (Victorian Government Disability Services) and Consumer Technical Expert National Disability Advocacy Program (FaHCSIA) participating in Disability Services Audits throughout Australia. He also sits on several Advisory Committees with the National Disability Services covering Open Employment and Australian Disability Enterprises. Currently a member of the Corporate Governance Sub-committee.

Ms Zorana BULL

MA (Eng, Econ & Mgmt), GAICD

Founding Director of Altura Partners (Strategic Management Consultants - Sydney/Melbourne). Aged 45. Joined the Board in 2010. Zorana has 25 years of experience in strategy development, operational performance improvement and organisational change. She was previously a Partner with leading global consultancy PA Consulting Group and Chief Operating Officer of the Australian business. Currently a member of the Finance, Audit & Risk Management Sub-committee and Director of the Australian Centre for Eye Health Limited.

Mr Ian Andrew JAMIESON

BCom (Mktg), CPM (AMI), MAICD

Managing Director of Marketing Initiatives Pty Limited (Strategic Marketing Consultants). Aged 59. Joined the Board in 2008. Ian has over 30 years of experience in marketing and business strategy development, including corporate positions and managing his own consultancy business. He is a Fellow of the Australian Marketing Institute. Currently a member of the Corporate Governance Sub-committee and Nomination & Remuneration Sub-committee.

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

DIRECTORS' REPORT (continued)

Mr Steven KOURIS

BEC/LLB, LLM

Self-employed lawyer and consultant. Aged 43. Joined the Board in 2010. Steven's background is in private, corporate and government practice. He was formerly a Partner and worked at major national law firms including Mallesons Stephen Jacques and Allens Arthur Robinson. Steven is a specialist commercial / corporate adviser, a corporate counsel and advisor to government. He teaches law at the University of Technology, Sydney. Currently Chairman of the Corporate Governance Sub-committee.

Dr Anthony Broughton MOSMAN

BVSc

Veterinarian and partner of the Bondi Junction Veterinary Hospital since 1976, the home of the present TV series "Bondi Vet". Aged 64. Joined the Board in 1999. Past activities include President of the Australian Veterinary Association, Sydney, and serving on several municipal council animal advisory groups. Currently alternate director of Centre for Eye Health Limited

Mr Richard Denis NEWBERRY

Owner/Manager of Tamworth Plaster Works. Aged 56. Joined the Board in 1998. Richard has been a client of the organisation since 1989. He is an experienced long cane and Miniguide user and has been a Guide Dog user since 1991. Richard joined the Tamworth Guide Dog Auxiliary in 1992 and has chaired this group since 1995.

Mr Andrew Robert PIERCE

FCA

Self-employed Chartered Accountant. Aged 68. Andrew has been in public practice for over 40 years. Joined the Board in 1992. Currently Chair of the Nomination & Remuneration Sub-committee, and a member of the Finance, Audit & Risk Management Sub-committee. He is also a Director of Royal Guide Dogs Associations of Australia, Australian Centre for Eye Health Limited and Centre for Eye Health Limited. Previously, a Director of Variety, the Children's Charity (NSW).

Directors' Meetings

The number of meetings of the Group's board of directors held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

Board of Directors	Board Meetings		Finance, Audit & Risk Management Committee meetings	
	eligible to attend	attended	eligible to attend	attended
J S Bennett	12	11	-	-
Z Bull	12	12	6	6
L V Druitt	12	10	12	10
I A Jamieson	12	10	-	-
S Kouris	12	11	-	-
A B Mosman	12	11	-	-
R D Newberry	12	7	-	-
A R Pierce	12	11	12	11
A B C Stephen	12	11	12	11

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

DIRECTORS' REPORT (continued)

Board of Directors	Nomination & Remuneration Committee	
	Meetings eligible to attend	attended
J S Bennett	-	-
Z Bull	-	-
L V Druitt	4	4
I A Jamieson	3	3
S Kouris	-	-
A B Mosman	-	-
R D Newberry	-	-
A R Pierce	4	4
A B C Stephen	4	4

Objectives and Strategies

(a) Short Term Objectives

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

(b) Long Term Objectives

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

(c) Strategies

The Group operates within a strategic framework which is reviewed by the Board each year. The current Strategic Plan covers the period 2011 to 2016. The key goals of the Strategic Plan are: to be known for high quality guide dogs, provide high quality O&M services, reduce the incidence of preventable vision loss, provide advocacy & community education and remain a growing, sustainable and socially responsible provider of services.

(d) Measuring performance

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

Principal Activities, and Achievement of Objectives

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

- providing orientation and mobility services for people with impaired vision in NSW and the ACT;
- training and placing guide dogs for people with impaired vision in NSW and the ACT;
- training and placing dogs as companions to people disadvantaged due to disability, age or ill health in NSW and the ACT;

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

DIRECTORS' REPORT (continued)

Principal Activities, and Achievement of Objectives (continued)

- providing specialist support and resources for health professionals working with people with impaired vision and other disabilities in NSW and the ACT;
- providing a specialist service to clients in conjunction with University of NSW, at the Low Vision Clinic, at Chatswood, NSW; and
- operating a centre to provide free eye health diagnostic testing services to the people of NSW and the ACT. This includes follow up of clients identified as needing early intervention to minimise the incidence of preventable vision loss.

Financial Performance and results

For the year ended 30 June 2012, the Group operations resulted in a deficit of \$7,482,689 (2011: surplus of \$1,691,888). This deficit is attributable to a sharp and significant downturn in bequest revenue (\$10,541,372 compared to \$13,533,188 in the prior year). In addition there was \$2,799,665 of unrealised market devaluations on the investment portfolio. Nevertheless the Board determined to maintain service levels to clients and to meet the shortfall from reserves.

The overall Group revenue for the year was \$21,879,660 (2011: \$24,802,756), which is a decrease of 11.8%, when compared to last year (2011: +9.5%).

Operational Performance Measures

The number of Orientation and Mobility (O&M) programs completed with clients by the parent entity was 8,187 which compares to 8,339 from 2011 and the number of ongoing programs at year end increased to 1,191 from 890 in 2011. Combined, the number of completed and on-going programs for the year was 9,378 compared to 9,229 in the prior year, a 1.6% increase. This is partly related to an increase in rural and outreach programs.

In addition, there are 262 working dogs at 30 June 2012 compared to 264 at June 2011. This number has been affected by the change to purpose-bred dogs rather than breeder-purchased dogs with a resulting decrease in numbers but increase in consistency of quality.

The total cost of Client Services including dogs was \$12,165,370 (2011: \$11,400,734). The cost of the Guide Dog Centre including dog training was \$2,419,552 (2011: \$2,203,855).

In addition CFEH saw 5,538 clients during the year ending 30 June 2012 at a cost of \$4,225,354. This compares to 3,819 clients at a cost of \$3,716,505 for the year ending 30 June 2011.

Auditor's Independence Declaration

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

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



**A B C Stephen
Director**

**Sydney
24 September 2012**

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

As lead auditor for the audit of the financial report of Guide Dogs NSW/ACT for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



M D Muller
Partner

Sydney
24 September 2012

**GUIDE DOGS NSW/ACT
INDEPENDENT AUDITOR'S REPORT**

To the members of Guide Dogs NSW/ACT:

We have audited the accompanying financial report of Guide Dogs NSW/ACT ("the company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in accumulated funds and the 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 for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Guide Dogs NSW/ACT for the financial year ended 30 June 2012 included on Guide Dogs NSW/ACT's website. The company's directors are responsible for the integrity of this website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

GUIDE DOGS NSW/ACT LIMITED
INDEPENDENT AUDITOR'S REPORT
(continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Guide Dogs NSW/ACT on 24 September 2012, would be in the same terms if provided to the directors as at the time of this auditor's report.

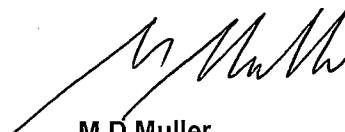
Auditor's Opinion

In our opinion:

- (a) the financial report of Guide Dogs NSW/ACT is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) In accordance with the provisions of the *Charitable Fundraising Act 1991* and the regulations thereto, any money received as a result of fundraising appeals conducted during the financial year has been properly accounted for and applied with the following provisions:
- (i) the financial report of Guide Dogs NSW/ACT is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) the financial statements and associated records have been properly kept during the financial year in accordance with the provisions of the *Charitable Fundraising Act 1991* and the Regulations thereto; and
 - (iii) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.



HLB MANN JUDD
Chartered Accountants



M D Muller
Partner

Sydney
26 September 2012

GUIDE DOGS NSW/ACT

PRINCIPAL OFFICER DECLARATION – CHARITABLE FUNDRAISING ACT 1991

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

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



G White
Chief Executive Officer

24 September 2012

GUIDE DOGS NSW/ACT

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 31 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



A B C Stephen
Director

Sydney
24 September 2012

GUIDE DOGS NSW/ACT

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Notes	Consolidated	
		2012	2011
		\$	\$
Revenue from ordinary activities	4(a)	21,879,660	24,802,756
Net gains/(losses) on non-current assets held at fair value through profit & loss	4(b)	(2,799,665)	1,723,501
Net gain on disposal of investments	4(b)	3,638	3,773
Net gain on disposal non current assets	4(b)	10,256	32,260
Client service costs (Guide Dogs NSW/ACT & CFEH)		(15,637,926)	(14,400,244)
Telephone marketing costs (incl. COGS)		(1,934,133)	(2,068,465)
Community education and information		(2,329,404)	(2,446,441)
Governance and administrative services		(3,153,312)	(2,817,380)
Indirect fundraising overheads including:			
- Data processing and management		(690,132)	(647,656)
- Planned giving indirect expenditure		(932,111)	(886,929)
- Appeal costs		(1,520,225)	(1,333,895)
Other expenses from ordinary activities		(379,335)	(269,392)
Net Surplus/(Deficit) from ordinary activities		(7,482,689)	1,691,888
Other comprehensive income			
Memorial fund reserve	13	-	74,596
Total comprehensive (loss)/income		<u>(7,482,689)</u>	<u>1,766,484</u>

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

GUIDE DOGS NSW/ACT

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		Consolidated	
	Notes	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents		1,435,847	1,311,540
Trade and other receivables	5	1,087,312	914,317
Interest bearing receivables	6	-	1,675,000
Inventories	7	74,600	62,079
Held-to-maturity investments	8	7,400,000	7,000,000
Other	9	286,889	301,235
Total Current Assets		10,284,648	11,264,171
Non-Current Assets			
Held-to-maturity investments	8	1,000,000	1,000,000
Financial assets designated at fair value through profit or loss	10	24,510,555	29,759,795
Property, plant and equipment	11	16,391,074	17,633,788
Intangibles – establishment costs		12,504	25,008
Other	9	200,000	300,000
Total Non-Current Assets		42,114,133	48,718,591
Total Assets		52,398,781	59,982,762
Current Liabilities			
Trade and other payables	12	1,288,281	1,455,561
Employee leave provisions		1,359,489	1,410,339
Total Current Liabilities		2,647,770	2,865,900
Non-Current Liabilities			
Employee leave provisions		327,861	211,023
Total Non-Current Liabilities		327,861	211,023
Total Liabilities		2,975,631	3,076,923
Net Assets		49,423,150	56,905,839
Accumulated Funds			
Reserves	13	1,349,422	1,349,422
Accumulated surplus	14	48,073,728	55,556,417
Total Accumulated Funds		49,423,150	56,905,839

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

GUIDE DOGS NSW/ACT

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated		
	Accumulated Surplus \$	Reserves \$	Total Accumulated Funds \$
At 30 June 2010	<u>53,864,529</u>	<u>1,274,826</u>	<u>55,139,355</u>
Total comprehensive income	1,691,888	74,596	1,766,484
At 30 June 2011	<u>55,556,417</u>	<u>1,349,422</u>	<u>56,905,839</u>
Total comprehensive income	(7,482,689)	-	(7,482,689)
At 30 June 2012	<u>48,073,728</u>	<u>1,349,422</u>	<u>49,423,150</u>

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

GUIDE DOGS NSW/ACT

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Consolidated	
	Notes	2012 \$	2011 \$
Cash Flows from Operating Activities			
Receipts from:			
Bequests		10,365,566	13,533,188
Donations, subscriptions and other income		7,012,363	6,633,880
Sale of goods - Telephone marketing		2,273,972	2,543,014
Interest received		451,248	693,801
Franking credits refunded		380,624	192,757
Rent received		1,260	1,260
Payments to suppliers and employees		<u>(24,071,484)</u>	<u>(23,936,484)</u>
Net cash (used in) operating activities	19 (b)	<u>(3,586,451)</u>	<u>(338,584)</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment – Guide Dogs NSW/ACT		(1,356,386)	(1,875,683)
Payments for property, plant and equipment – Centre for Eye Health		(339,830)	(475,033)
Proceeds from sale of property, plant and equipment – Guide Dogs NSW/ACT		564,960	636,326
Mortgages discharged		1,675,000	2,403,000
Payments for investments & loans		-	(1,000,000)
Proceeds from sale of investments & loans		<u>3,167,014</u>	<u>128,082</u>
Net cash generated from / (used in) investing activities		<u>3,710,758</u>	<u>(183,308)</u>
Net increase/(decrease)in cash held		124,307	(521,892)
Cash and cash equivalents at the beginning of the financial year		<u>1,311,540</u>	<u>1,833,432</u>
Cash and cash equivalents at the end of the financial year	19 (a)	<u><u>1,435,847</u></u>	<u><u>1,311,540</u></u>

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

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. SUMMARY OF ACCOUNTING POLICIES

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other interpretation issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

(ii) *Historical cost convention*

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Guide Dogs NSW/ACT ("company" or "parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Guide Dogs NSW/ACT and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

Bequests and Donations

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

Trading Revenue

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

Auxiliaries/Support Groups' Contributions

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

Changes in the fair value of investments

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

Dividends and distributions

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

Interest income

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

(d) Income tax

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

(e) Leases

Leases in which a significant portion of the risk and rewards of ownership are not transferred to the company as lessee are classified as operating leases (Note 15). Payments made under operating leases (net of any incentives received from lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Impairment of assets

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

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

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

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

(i) Inventories

Finished Goods

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

Guide Dogs

Prior to 2011 pups were carried at cost of acquisition. Guide dogs in training were carried at cost plus applicable training and kennelling costs incurred. The carrying values of guide dogs were expensed when they were issued to clients or removed from the program. In the 2011 financial year, the Directors' decided that this accounting treatment overstated the realisable asset value and that application of AASB 2007- 5 *Inventory Held for Distribution* is more appropriate. Costs including purchase of puppies are expensed as incurred.

(j) Property, plant & equipment

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

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

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(j) Property, plant & equipment (continued)

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

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

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

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

(k) Goods and services tax (GST)

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

- (i) the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- (ii) receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is in receivables or payables in the Statement of Financial Position.

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

(l) Investments and financial assets

Classification

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

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

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

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

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(l) Investment and financial assets (continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

Fair Value

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

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

Recognition and Derecognition

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

Subsequent Measurement

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

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

Impairment

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

(m) Trade and other payables

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

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(n) Employee benefits

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

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(o) Members' undertaking

Guide Dogs NSW/ACT is a company limited by guarantee and was incorporated on 28 June 1962. In the event of the company being wound up, members' liability is limited to an amount of \$20 per member. At balance date there are 210 members comprising: 133 financial members, 14 honorary members and 63 auxiliary members.

(p) Accounts presentation

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

(q) New accounting standards and interpretations

The new accounting standards and interpretations published that are mandatory for the year ended 30 June 2012, do not have a material impact on the presentation and disclosure of the financial statements.

The directors have elected under section 334 (5) of the Corporations Act 2001 to apply AASB 1053 Application of Tiers of Australian Accounting Standards, AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the year ended 30 June 2012. AASB 1053 and 2010-2 are not required to be applied until annual reporting periods beginning on or after 1 July 2013.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

2. FINANCIAL RISK MANAGEMENT

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

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

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

During the year, the Group completed its withdrawal from the mortgage market, shown in the table below as Secured Loans.

Sensitivity analysis for Market Risk (Impact on operating surplus)

Consolidated Asset	Value	Price risk		Interest rate risk	
		-10%	+ 10%	-1.0%	+ 1.0%
		\$	\$	\$	\$
Term deposits	8,400,000	-	-	(84,000)	84,000
Secured loans (Current & NC)	-	-	-	-	-
Listed Securities at fair value	50,251	(5,025)	5,025	-	-
Units in managed funds	24,460,304	(2,446,030)	2,446,030	-	-
30 June 2012	32,910,555	(2,451,055)	2,451,055	(84,000)	84,000
Term deposits	8,000,000	-	-	(80,000)	80,000
Secured loans (Current & NC)	1,675,000	-	-	(16,750)	16,750
Listed Securities at fair value	57,530	(5,730)	5,730	-	-
Units in managed funds	29,702,265	(2,970,226)	2,970,226	-	-
30 June 2011	39,434,795	(2,975,956)	2,975,956	(96,750)	96,750

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

3. CRITICAL ACCOUNTING JUDGEMENTS

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

	2012 \$	2011 \$
4. PROFIT FROM ORDINARY ACTIVITIES		
(a) From continuing operations		
<i>Operating Revenue</i>		
Bequests	10,541,372	13,533,188
Donations	7,012,363	6,571,786
Sale of goods - Telephone marketing	2,092,223	2,230,114
Contract income	38,755	14,607
 <i>Other revenue</i>		
Interest	451,248	750,016
Distributions/Dividends including franking credits	1,735,466	1,654,298
Rental	1,560	1,260
Other	6,673	47,487
	<u>21,879,660</u>	<u>24,802,756</u>
 (b) Other income		
Fair value gains (losses) on other financial assets at fair value through profit or loss	(2,799,665)	1,723,501
Net gain on disposal of investments	3,638	3,773
Net gain on disposal non current assets	10,256	32,260
 (c) Expenses		
Surplus is calculated after deduction of the following specific expenses:		
Depreciation – property, plant and equipment	2,219,767	2,088,025
Amortisation of Establishment costs	12,504	12,504
Rental expense relating to operating lease	546,013	526,962
Provision for impairment of receivables	26,636	-
Inventory write-downs/(write-ups)	(13,744)	791
Net loss on disposal non-current assets	107,228	93,958
Net loss on disposal investments	83,804	2,511

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
5. CURRENT – TRADE AND OTHER RECEIVABLES		
Trade receivables	174,225	201,698
Allowance for impairment of receivables	<u>(5,619)</u>	<u>(3,281)</u>
	168,606	198,417
Goods and services tax (GST) recoverable	67,348	162,288
Other	<u>851,358</u>	<u>553,612</u>
	<u>1,087,312</u>	<u>914,317</u>
<p>None of the trade receivables are impaired or past due but not impaired for the consolidated group. Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.</p>		
6. CURRENT - INTEREST BEARING RECEIVABLES		
Secured loans	<u>-</u>	<u>1,675,000</u>
(i) Loans are secured by registered first mortgage on residential and commercial premises.		
7. CURRENT - INVENTORIES		
Finished goods – at cost (Telemarketing merchandise on hand)	<u>74,600</u>	<u>62,079</u>
8. HELD-TO-MATURITY INVESTMENTS		
Term deposits - current	<u>7,400,000</u>	<u>7,000,000</u>
Term deposits - non-current	<u>1,000,000</u>	<u>1,000,000</u>
9. OTHER CURRENT ASSETS		
Prepayments - current	<u>286,889</u>	<u>301,235</u>
OTHER NON CURRENT ASSETS		
Prepayments – non current	<u>200,000</u>	<u>300,000</u>

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012	2011				
	\$	\$				
10. NON-CURRENT - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS						
At fair value:						
Shares in listed companies / securities	50,251	57,530				
Units in managed funds	<u>24,460,304</u>	<u>29,702,265</u>				
	<u>24,510,555</u>	<u>29,759,795</u>				
11. PROPERTY, PLANT AND EQUIPMENT						
	Freehold Land & Buildings	CFEH Leasehold improve.	Motor Vehicles	CFEH Diagnostic Equipment	Furniture & Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2012						
At 1 July 2011, net of accumulated depreciation	10,305,977	1,338,565	2,201,154	2,300,144	1,487,948	17,633,788
Additions	53,671	4,830	843,565	179,594	460,354	1,542,014
Transfers	-	-	-	-	-	-
Disposals	-	-	(467,987)	-	(313,395)	(781,382)
Disposal adjustment	-	-	(94,479)	-	310,902	216,423
Depreciation charge for the year	<u>(240,012)</u>	<u>(658,961)</u>	<u>(426,228)</u>	<u>(283,807)</u>	<u>(610,761)</u>	<u>(2,219,769)</u>
At 30 June 2012, net of accumulated depreciation	<u>10,119,636</u>	<u>684,434</u>	<u>2,056,025</u>	<u>2,195,931</u>	<u>1,335,048</u>	<u>16,391,074</u>
At 30 June 2012						
Cost	12,357,895	2,640,645	2,846,460	2,878,256	5,083,244	25,806,500
Accumulated depreciation and impairment	<u>(2,238,259)</u>	<u>(1,956,211)</u>	<u>(790,435)</u>	<u>(682,325)</u>	<u>(3,748,196)</u>	<u>(9,415,426)</u>
Net carrying amount	<u>10,119,636</u>	<u>684,434</u>	<u>2,056,025</u>	<u>2,195,931</u>	<u>1,335,048</u>	<u>16,391,074</u>
At 1 July 2011						
Cost	12,523,287	2,635,815	2,843,557	2,700,389	4,682,942	25,385,990
Accumulated depreciation and impairment	<u>(2,217,310)</u>	<u>(1,297,250)</u>	<u>(642,403)</u>	<u>(400,245)</u>	<u>(3,194,994)</u>	<u>(7,752,202)</u>
Net carrying amount	<u>10,305,977</u>	<u>1,338,565</u>	<u>2,201,154</u>	<u>2,300,144</u>	<u>1,487,948</u>	<u>17,633,788</u>
				2012	2011	
				\$	\$	
12. CURRENT – TRADE AND OTHER PAYABLES						
Trade payables				534,367	1,216,138	
Other payables				46,687	52,771	
Accruals				<u>707,227</u>	<u>186,652</u>	
				<u>1,288,281</u>	<u>1,455,561</u>	

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
13. RESERVES		
R.M. Moffitt Memorial Fund		
Balance at beginning of financial year	416,830	416,830
Movements	-	-
Balance at end of financial year	<u>416,830</u>	<u>416,830</u>
Robert and Elsie Burton Fund		
Balance at beginning of financial year	712,996	712,996
Movements	-	-
Balance at end of financial year	<u>712,996</u>	<u>712,996</u>
Netta and Alan Walker Fund		
Balance at beginning of financial year	219,596	145,000
Movements	-	74,596
Balance at end of financial year	<u>219,596</u>	<u>219,596</u>
Balance at end of financial year	<u>1,349,422</u>	<u>1,349,422</u>
<p>These reserves relate to donated funds received and invested by Guide Dogs NSW/ACT.</p>		
14. ACCUMULATED SURPLUS		
Balance at beginning of financial year	55,556,417	53,864,529
Transfer from surplus	-	74,596
Transfer to reserves	-	(74,596)
Net surplus/(deficit)	<u>(7,482,689)</u>	<u>1,691,888</u>
Balance at end of financial year	<u>48,073,728</u>	<u>55,556,417</u>
15. LEASES		
Operating leases - Leasing arrangements		
<p>The operating leases relate to a number of office premises with lease terms expiring from 31 August 2012 to 30 April 2016. One contract has an option for renewal of three by one year extensions. CFEH has an option for 3 additional four year extensions. The other contracts have no options for extensions.</p>		
Non-cancellable operating leases		
Within 1 year	594,621	546,723
Later than 1 year but not later than 5 years	<u>505,437</u>	<u>897,744</u>
	<u>1,100,058</u>	<u>1,444,467</u>

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
16. COMMITMENTS FOR EXPENDITURE		
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	266,115	414,884
Less: GST	<u>(24,192)</u>	<u>(37,717)</u>
	<u>241,923</u>	<u>377,167</u>

17. REMUNERATION OF AUDITORS

HLB Mann Judd – audit services	<u>80,460</u>	<u>73,850</u>
--------------------------------	---------------	---------------

18. RELATED PARTY DISCLOSURES

(a) Directors

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

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

Directors receive no remuneration for their services.

(b) Other key management personnel

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

A Baker *	A Green	L Smink	G White
E Cooper	G Mitchell	F Tinsley#	
F Crawford	N Shaw	C Ulm	

* terminated 2/3/12

started 31/10/11

(c) Key management personnel compensation

	Short term benefits	Post employment	Other long term benefits	Total
	\$	\$	\$	\$
2012	1,402,218	142,281	2,274	1,546,773
2011	1,483,985	117,923	28,785	1,630,693

(d) Other transactions with directors

During the financial year payments were made to a veterinary hospital in which a director had an interest. Amounts of \$1,482 (2011: \$557) were paid to a hospital in which A B Mosman had an interest.

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

18. RELATED PARTY DISCLOSURES (continued)

(e) Transactions with controlled entities

	2012 \$	2011 \$
Grants paid to CFEH	4,225,354	3,716,505

(f) Loan to related entity

CFEH loan	3,490,424	4,433,141
Impairment of loan	(997,269)	(1,750,899)
	2,493,155	2,682,242

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

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2012 \$	2011 \$
Cash and cash equivalents	1,435,847	1,311,540

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

Operating Surplus/(Deficit)	(7,482,689)	1,691,888
Depreciation of non-current assets	2,219,767	2,088,025
Amortisation of establishment costs	12,504	12,504
Bad debt expense	26,936	108,416
Fair value adjustment to non current investments	2,799,665	(1,723,501)
Loss/(profit) on sale of non-current assets	96,972	93,958
Other income not in cash	(90,493)	-
Bequests and donations not in the form of cash	(440,262)	(246,427)
Net gain on sale of investments	80,166	(1,262)
Distributions from managed funds reinvested	(636,555)	(1,268,009)
Changes in net assets and liabilities:		
(Increase)/decrease in assets		
Current receivables	(172,995)	(252,185)
Current inventories	(12,521)	28,588
Current other assets	114,346	(428,926)
Increase/(decrease) in liabilities:		
Current payables	(167,280)	(266,639)
Provisions	65,988	(175,014)
Net Cash from/(used in) Operating Activities	(3,586,451)	(338,584)

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

20. SUPERANNUATION COMMITMENTS

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

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

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

	2012 \$	2011 \$
21. ADDITIONAL INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991		
(In relation to Guide Dogs NSW/ACT only. CFEH and ACFEH do not conduct any fundraising activities in their own right)		
Details of aggregate gross income and expenditure of fundraising.		
Fundraising		
Gross proceeds	17,553,735	20,104,974
Expenditure – donations/bequests	<u>(1,694,784)</u>	<u>(1,512,583)</u>
Net surplus from fundraising	<u>15,858,951</u>	<u>18,592,391</u>
Direct Marketing		
Gross proceeds – sale of goods	2,092,223	2,230,114
Expenditure	<u>(1,934,133)</u>	<u>(2,068,465)</u>
Net surplus from direct marketing	<u>158,090</u>	<u>161,649</u>
Net surplus from all activities	<u>16,017,041</u>	<u>18,754,040</u>
Charitable purpose expenditure		
Client O&M service costs	(12,165,370)	(11,400,734)
Community education & information	(2,200,691)	(2,284,991)
Governance and administrative services	(2,529,227)	(2,261,835)
Indirect fundraising (incl. management, data processing and collection box maintenance)	(690,132)	(647,656)
Planned giving indirect expenditure	(932,111)	(886,929)
Centre for Eye Health expenses grant	<u>(4,225,354)</u>	<u>(3,716,505)</u>
Total charitable purpose expenditure	<u>(22,742,885)</u>	<u>(21,198,650)</u>
Surplus / (Deficit) in funds available from all activities	<u>(6,725,844)</u>	<u>(2,444,610)</u>

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
23. ADDITIONAL INFORMATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT, 1991 (continued)		
Additional funds from the following sources		
Interest received	451,248	750,016
Distributions received (managed funds)	1,472,027	1,268,009
Dividends received (including franking credits)	263,439	386,289
Membership subscription	1,550	2,030
Rent received	1,560	1,260
Income other	1,806	42,074
Bad debts recovered	3,317	3,383
Net gain/(loss) on sale of property, plant & equipment	10,256	32,260
Net gain/(loss) on sale of investments	(80,166)	6,284
Write up/(down) of investments	(2,799,665)	1,723,501
Fair value adjustment of intercompany loan receivable	753,630	281,282
Net (loss) on sale of property, plant and equipment	(107,228)	(93,958)
Fee for services rendered	38,755	14,607
Write up of inventories	(13,744)	791
Total Additional Funds/(costs) net	<u>(3,215)</u>	<u>4,417,828</u>
Surplus/(Deficit) From Ordinary Activities	<u>(6,729,059)</u>	<u>1,973,218</u>

	2012		2011	
	\$	%	\$	%
Total cost of fundraising/	1,694,784	9.7	1,512,583	7.5
Gross income from fundraising	17,553,735		20,104,974	
Total costs of direct marketing/	1,934,133	92.4	2,068,465	92.8
Gross income from direct marketing	2,092,223		2,230,114	
Net surplus from all fund raising activities/	16,017,041	81.5	18,754,040	84.0
Gross income from all activities	19,645,958		22,335,088	
Total cost of services*/	15,637,926	68.8	14,400,244	67.9
Total expenditure	22,742,885		21,198,650	
Total cost of services*/	15,637,926	79.6	14,400,244	64.5
Gross income from all activities	19,645,958		22,335,088	

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

22. AUXILIARIES AND SUPPORT GROUPS

During the year the following auxiliaries/support groups contributed \$65,827 (2011: \$47,004) to Guide Dogs NSW/ACT.

Central Coast	Dubbo	Moree
Mudgee	Tamworth	

GUIDE DOGS NSW/ACT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

23. SUBSIDIARIES

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

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

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

24. PARENT ENTITY INFORMATION

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

	2012 \$	2011 \$
Current assets	10,172,519	12,161,140
Total assets	51,389,714	58,216,161
Current liabilities	2,636,270	2,850,496
Total liabilities	2,964,131	3,061,519
Shareholders equity		
Reserves	1,349,422	1,349,422
Retained earnings	47,076,161	53,805,220
	<u>48,425,583</u>	<u>55,154,642</u>
Net surplus/(deficit)	(6,729,059)	1,973,218
Other comprehensive income	-	74,596
Total comprehensive income/(loss)	<u>(6,729,059)</u>	<u>2,047,814</u>
Parent Guarantees of Subsidiaries	Nil	Nil
Parent Contingent Liabilities	Nil	Nil
Parent Contractual Commitments for Acquisition of Property, Plant & Equipment	116,238	311,002

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

25. SUBSEQUENT EVENTS

Investment Market volatility

Subsequent to balance date there has been volatility in both Australian and International markets, with market values rising by 2 – 5%. This had an impact on the fair value of managed funds and listed securities. Further volatility is expected. (see note 2. for sensitivity analysis).