

Deaf Services Limited

ABN: 62 118 664 298

Financial Statements

For the Year Ended 30 June 2019

Deaf Services Limited

ABN: 62 118 664 298

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For the Year Ended 30 June 2019

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Deaf Services Limited

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DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Ms Kathryn Armfield
Ms Judith Bertram (retired November 2018)
Mr Len Bytheway (commenced November 2018)
Mr Ralph Collins
Mr Doug Evans
Mr David Gibson (retired November 2018)
Mr Stuart Lummis (commenced February 2019)
Mr Robin Mack (commenced February 2019)
Mr Cameron Miller
Ms Bronwyn Rout
Mr Richard Senescall (retired February 2019)
Ms Sally Strobridge

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

Review of Operations

The company recorded a surplus of \$2,487,740; (2018 \$1,681,220).

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Principal Activities

The principal activity of the company during the financial year was to advance the welfare of deaf and hearing impaired people.

The company's short term objectives are:

- Being responsive to stakeholder needs by delivering services to the highest level.
- Responsible financial management practices to meet the current and future needs of the community.

The company's long term objectives are to:

- Create opportunities to encourage leadership within our community and sector.
- Invest in people and infrastructure to create a sustainable, professional and skilled organisation.

Strategies

To achieve these objectives, the company has adopted the following strategies:

- Secure opportunities of leadership with service innovation and excellence in communication.
- Providing customer orientated service delivery.
- Invest in people, infrastructure and systems to create a sustainable, professional and skilled organisation.
- Financial resources remain viable through responsible financial management practices and financial diversity to meet the current and future needs of the community.

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DIRECTORS' REPORT

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short term and long term objectives are being achieved.

Indemnities or Proceedings

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

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

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

Information on Directors

Deaf Services Limited's company secretary is Judith Thatcher.

The information on directors is as follows:

- Kathryn Armfield** Kathryn Armfield joined the Board in 2014. She was the first signing Deaf Lawyer to be admitted in Queensland and is currently a member of the Queensland Law Society and Family Law Practitioners Association. She was a Board member and Secretary for the Queensland Association of the Deaf, an organising committee member and volunteer for the previous Queensland Deaf Festival's and is currently the Chairperson for Deaf Sports Australia. Kathryn holds a Master of Laws and is principal of Armfield O'Brien Law. She has worked as a tutor for Griffith University Gumurri Centre, assisting indigenous students with their academic studies and she has a passion for advancing and sharing knowledge with the Deaf Community and ensuring the enrichment of future Deaf generations. Kathryn is a Visiting Committee Board Member for Griffith Law School since 2012.
- Judith Bertram** Judith Bertram has been a Board member with Deaf Services since November 2009. Judith has held a range of senior positions in the Queensland Government throughout her 30 year career including Deputy Director General, Department of Child Safety and prior to that as the General Manager, Workplace Health and Safety. Judith has also worked extensively in the vocational education and training area. She is currently the Deputy Chief Executive at the Queensland Resources Council. Judith is a graduate of the Australian Institute of Company Directors, and holds a Bachelor of Science and a Diploma of Education. Judith retired from the Deaf Services Board in November 2018.
- Len Bytheway** Len Joined Deaf Services Board in November 2018. Len is a trained teacher of the Deaf with a specialty in deafness technology and accessible media. He is fluent in Auslan and been involved with the Deaf community for over 30 years. Len was the founding CEO of Australian Communication Exchange and started the National Relay Service. Len has 12 year's experience as a CEO, many more as a senior manager. Through his management consultancy Len has provided advice, support and mentoring to the boards and executive management of many corporate, not-for profit and government agencies. Len is known for his passion, skills and knowledge of education, access technology, media and marketing and corporate management.
- Ralph Collins** Ralph Collins joined the Board 2014. He has worked in the financial services sector for over 30 years, qualifying as an actuary whilst at AMP in 1988 before moving to the profit for members sector of the superannuation industry, including Sunsuper and QSuper. He has been responsible for managing teams involved in the delivery of services and advice to large employers and their employees. Ralph is a member of the Australian Institute of Company Directors, a Fellow of the Institute of Actuaries of Australia and currently serves as Chair of the Finance, Investment and Property Board of the Uniting Church Queensland and Chair of the Uniting Church in Australia Property Trust (Q).

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DIRECTORS' REPORT

Doug Evans

Doug Evans joined the Board in October 2014. He has held varied CEO roles over the last 20 years and has degrees in Science and Business Administration. Doug has worked in a range of business models including Global Consumer Companies, NFP, and member based organisations as well as retail and service businesses across a number of industry sectors. Doug has held a number of functional senior leadership roles in HR & Corporate Affairs and has been a member of Boards and Industry Councils that successfully lobbied and dealt with government and regulatory authorities. He currently consults to NFP organisations as a leadership and governance advisor and trainer. Doug has a strong commitment to working collaboratively, compassionately and with high integrity, and he is passionate about building organisations and developing benefits for all stakeholders.

David Gibson

David Gibson is the former Chair of Deaf Services, and served on the Board since 2009. He also is the Chairman for a community housing provider that provides long term housing under the National Regulatory System for Community Housing, and currently works as CEO of WA Deaf Society.

He is a highly experienced professional with more than 20 years' experience working for both private enterprise and government and is recognised as an accomplished public speaker who is regularly asked to speak, addressing topics such as Deafness, civic participation and mental health. He has been invited to present at events like the World Federation of the Deaf conference and the Australasian Study of Parliament Group conference.

David is a graduate of the Royal Military College Duntroon and served as an Army officer for 8 ½ years before embarking on a career in business and public service.

His numerous roles include, General Manager of The Gympie Times, election as the State Member for Gympie in the Queensland Parliament including various appointments as; Minister for Police and Community Safety, Chair of the Queensland State Development and Infrastructure Committee and Chair of a Queensland Parliament Select Ethics Committee.

David has a professional and passionate interest in the Deaf and hard of hearing community. As the eldest child of deaf parents, he has direct knowledge of the issues that the Deaf community face and was instrumental in advocating on Deaf issues in the Queensland Parliament and the wider community, most notably by giving his maiden Parliamentary speech in Auslan, and by engaging the first deaf parliamentary intern in Queensland.

David has also authored published papers on issues including the engagement of people with a disability in the democratic process, with two articles published in the Australasian Parliamentary Review. David retired from the Deaf Services Board in November 2018.

Stuart Lummis

Stuart Joined Deaf Services Board in February 2019 having over 38 year's experience as a senior executive and Company Director, with a strong background in the property sector. He has a Bachelor of Economics and was previously the Chief Executive Officer of Brisbane Housing Company, and the Director of Property for the Catholic Archdiocese in Brisbane. He has extensive experience in both large publicly listed groups and not for profit organisations. He is also a member of the Property Council of Australia Residential Development committee, a Director of Brisbane Markets Limited, Director of Bolton Clarke (formerly RSL Care + RDNS) and Chair of the National Trust of Queensland Advocacy committee.

Robin Mack

Robin became a member of the Deaf Services Board in February 2019. Robin is the Founder / CEO of Innovation Transformation, where he helps enterprise organisations think and act more like a start-up. Robin holds a MBA from Queensland University of Technology and is a graduate member of the Australian Institute of Company Directors. Originally from the United States, Robin has worked in a range of senior leadership roles for global companies around the world. He also currently serves as a Director for John Paul College Ltd.

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DIRECTORS' REPORT

Cameron Miller

Cameron Miller joined the Deaf Services board in 2014. He holds a Bachelor of Education and has taught at a number of schools in England and South East Queensland, most recently at Toowong State School. Cameron has been on the organising committee of the last two Deaf Festivals, has worked with Queensland Association of the Deaf (QAD) and was the secretary for Queensland Deaf Rugby League. He is also a member of the Queensland Teachers Union and a Board Director of Deaf Culture Council Queensland.

Bronwyn Rout

Bronwyn has served on the Deaf Services Board since May 2011 and was appointed Chair in November 2018. She was admitted as a solicitor of the Supreme Court of Queensland in 1999 and has more than 20 years' experience in legal, governance, and management roles in government, not-for-profit, and membership organisations. With a passion for integrity and inclusion, her background includes extensive experience in business strategy, risk management and organisational change management. Bronwyn has completed postgraduate training in corporate governance and is a member of the Australian Institute of Company Directors, the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.

Richard Senescall

Richard Senescall joined the Deaf Services Board in October 2014. His professional background includes senior positions in public and private sector organisations in a number of fields. He holds a Bachelor of Economics (with Honours), a Master of Economic Studies and is a Professional Member of the Economics Society of Australia (Qld Inc) and MAICD. Richard specialises in the provision of strategic corporate advice and business case development for large infrastructure projects. Richard retired from the Deaf Services Board February 2019.

Sally Strobridge

Sally is a third generation Auslan using Deaf person who joined the Board in 2013. Sally first became associated with Deaf Services in the 1980's, initially as a client and later as an employee. She was a President of the Queensland Association of the Deaf from 2008-2011. Sally collaborated with the then named Deaf Services Queensland to help establish our Townsville office. Sally has been a coordinator for Deaf Adventure Group for over 15 years and currently works in various roles mainly for Education Queensland as an Auslan Project Officer, Auslan consultant, Auslan sign language assessor, presenter for professional development workshops for educators in the state, Auslan language model and is a qualified teacher. She gives presentations and workshops on Auslan linguistics, deaf related educational topics and bilingual pedagogies, signing mathematically and scientifically on national level. She taught undergraduate to postgraduate Auslan Studies course at Griffith University casually for almost 20 years. She is a professional Auslan consultant and translator for different national organisation and service providers. She is a Deaf interpreter and Deaf advocate who has worked in various fields such as court, medical and education. She has been involved in many Auslan related projects nationally either as a consultant or research assistant. She is currently a president of newly established non-profit organisation Deaf Cultural Council Qld Inc.

which energises and empowers the Deaf community by providing social outlets such as deaf club and deaf youth club which were well attended by both deaf, hard of hearing people and CODAs and is organising an upcoming Deaf Festival to celebrate and showcase Deaf culture, language and Deaf people.

She possesses a Bachelor in Sciences, Graduate diploma in Secondary Education majoring in Auslan LOTE and Science and Diploma of Interpreting qualifications. She also enjoys spending her spare time and travelling with her family.

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DIRECTORS' REPORT

Meetings of Directors

During the year, 6 meetings of directors were held. Attendance by each director is as follows:

DIRECTORS	DIRECTOR'S MEETINGS	
	Number eligible to attend	Number attended
Kathryn Armfield	6	5
Judith Bertram	2	1
Len Bytheway	4	4
Ralph Collins	6	5
Doug Evans	6	6
David Gibson	2	2
Stuart Lummis	3	3
Robin Mack	3	3
Cameron Miller	6	6
Bronwyn Rout	6	6
Richard Senescall	3	2
Sally Strobridge	6	5

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5 towards meeting any outstanding obligations of the entity. At 30 June 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$550 (2018: \$625).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* and the *Australian Charities and Not-For-Profits Commission Act (2012)* is set out on page 8.

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

Director 

Bronwyn Rout

Brisbane

Dated this 28th day of October, 2019

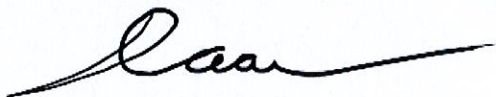
Level 11 | 42-60 Albert Street | Brisbane | QLD 4000
GPO Box 2876 | Brisbane | QLD 4000
t: +61 7 3210 5500 | f: +61 7 3229 6174
brisbane@uhyhn.com.au
www.uhyhnbrisbane.com.au
ABN 76 898 082 094 | AFSL 483056

LEAD AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF DEAF SERVICES LIMITED

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Deaf Services Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of 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.

UHY Haines Norton
Chartered Accountants



Darren Laarhoven

Partner

Brisbane, 15 October 2019

Liability Limited by a scheme approved under Professional Standards Legislation.

UHY Haines Norton, a partnership in Brisbane (ABN 76 898 082 094) is an independent member of UHY Haines Norton an association of independent firms in Australia and New Zealand and a member of UHY, an international association of independent accounting and consulting firms.

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Statement of Comprehensive Income For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
Operating grants	3,951,637	4,434,588
Services income	6,883,858	4,128,154
Fundraising and donations	19,273,644	17,914,670
Interest and dividend income	724,870	482,295
Other income	148,664	146,139
Total income	30,982,673	27,105,846
Employee benefits expense	(12,792,915)	(11,727,579)
Depreciation and amortisation expense	(547,597)	(486,973)
Travel and motor vehicle expenses	(531,486)	(477,690)
Occupancy expenses	(767,122)	(524,934)
Printing and postage	(430,209)	(460,869)
Insurance expense	(283,999)	(240,390)
Advertising and promotion	(1,285,620)	(1,157,482)
IT and telecommunications	(1,004,821)	(872,389)
Contractors	(388,029)	(347,863)
Professional fees	(119,594)	(154,738)
Other supplies and services	(10,324,792)	(8,914,576)
Loss on disposal of assets	(78,745)	(59,143)
Total expenses	(28,554,929)	(25,424,626)
Surplus for the year	2,427,744	1,681,220
Other comprehensive income		
Items that will not be reclassified subsequently to surplus/deficit		
Net fair value movements in financial assets	341,896	533,626
Other comprehensive income for the year	341,896	533,626
Total comprehensive income for the year	2,769,640	2,214,846

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,024,468	2,845,458
Trade and other receivables	7	1,521,083	620,061
Other assets	8	864,558	911,763
TOTAL CURRENT ASSETS		6,410,109	4,377,282
NON-CURRENT ASSETS			
Financial assets	9	11,823,188	9,978,780
Property, plant and equipment	10	5,268,115	5,204,261
Intangible assets	11	561,001	799,728
TOTAL NON-CURRENT ASSETS		17,652,304	15,982,769
TOTAL ASSETS		24,062,413	20,360,051
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,239,073	964,692
Other liabilities	13	2,840,428	2,147,366
Employee benefits	14	1,573,373	1,664,434
TOTAL CURRENT LIABILITIES		5,652,874	4,776,492
NON-CURRENT LIABILITIES			
Employee benefits	14	242,951	186,612
TOTAL NON-CURRENT LIABILITIES		242,951	186,612
TOTAL LIABILITIES		5,895,825	4,963,104
NET ASSETS		18,166,588	15,396,947
EQUITY			
Reserves	15	4,495,064	3,957,311
Retained surpluses		13,671,524	11,439,636
TOTAL EQUITY		18,166,588	15,396,947

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Retained Surpluses	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	11,439,636	915,849	1,038,989	2,002,473	15,396,947
Surplus for the year	2,427,744	-	-	-	2,427,744
Other comprehensive income for the year	-	-	341,896	-	341,896
Total comprehensive income for the year	2,427,744	-	341,896	-	2,769,640
Transfer from asset revaluation reserve realised loss on financial assets sold during the year	(195,856)	-	195,857	-	1
Balance at 30 June 2019	13,671,524	915,849	1,576,742	2,002,473	18,166,588

2018

	Retained Surpluses	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	9,779,754	915,849	484,025	2,002,473	13,182,101
	1,681,220	-	-	-	1,681,220
Other comprehensive income for the year	-	-	533,626	-	533,626
Total comprehensive income for the year	1,681,220	-	533,626	-	2,214,846
Transfer from asset revaluation reserve realised gain on financial assets sold during the year	(21,338)	-	21,338	-	-
Balance at 30 June 2018	11,439,636	915,849	1,038,989	2,002,473	15,396,947

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	7,906,120	4,116,206
Fundraising income	19,457,877	17,651,843
Government grants and subsidies	4,394,356	4,434,588
Payments to suppliers and employees	(29,131,100)	(24,411,003)
Donations received	78,872	601,887
Net cash provided by operating activities	<u>2,706,125</u>	<u>2,393,521</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	62,710	150,967
Dividends received	364,155	331,328
Purchases of property, plant and equipment	(255,175)	(49,187)
Purchase of intangible assets	(196,294)	(380,408)
Proceeds from sale financial assets	3,115,270	506,522
Purchase of financial assets	(4,617,781)	(2,441,295)
Net cash used in investing activities	<u>(1,527,115)</u>	<u>(1,882,073)</u>
Net increase/(decrease) in cash and cash equivalents held	1,179,010	511,448
Cash and cash equivalents at beginning of year	<u>2,845,458</u>	<u>2,334,010</u>
Cash and cash equivalents at end of financial year	<u>6</u> <u>4,024,468</u>	<u>2,845,458</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2019

The financial report covers Deaf Services Limited as an individual entity. Deaf Services Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Deaf Services Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 28 October 2019.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, accounting interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on the basis of historical cost except for the following:

- ∞ Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses
- ∞ Financial assets are measured at fair value

The methods used to measure the fair values of these assets are discussed in notes 2(h) and 2(g). Cost is based on the fair values of the consideration given in exchange for assets.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Rendering of services

Revenue in relation to rendering of services is recognised upon the delivery of the service to the customer. In relation to training revenue, amounts may be received in advance of the training being delivered. In these circumstances, amounts received are recognised as a liability in the statement of financial position as revenue received in advance until the training has been provided.

Included within service revenue are fees charged for the management of NDIS plans on the behalf of clients. Total value of plans managed during the year by Deaf Services was \$206,211. This amount was collected on the behalf of clients and it is excluded from revenue.

Fundraising income

Revenue from the sale of lottery tickets is measured at the fair value of the consideration received. Monies received for tickets in undrawn lotteries is deferred and recorded as advance lottery receipts in revenue received in advance.

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Dividend revenue

Dividends are recognised when the right to receive a dividend has been established.

(c) Deaf Lottery expense

Expenses relating to the Deaf Lottery are recognised in the statement of comprehensive income at the date the lottery is drawn. Any expenses directly associated with undrawn lotteries are recorded as a prepayment in the statement of financial position until the lottery is drawn.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Trade and other receivables

Trade receivables, which comprise amounts due from the provision of services provided to customers, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provision of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

All recognised financial instruments are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial instrument.

Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- ∞ those to be measured at amortised cost, and
- ∞ those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in surplus or deficit.

Amortised cost

Assets are measured at amortised cost only if the asset is held within a business model with the objective of collecting contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in surplus or deficit when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Company's financial assets held at amortised cost comprise of term deposits and outstanding debtors.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income includes equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than through surplus or deficit.

Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value.

The Company's investments held at FVOCI comprise the following:

- ∞ listed equity instruments
- ∞ debt securities - corporate bonds.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

The Company does not hold any investments at fair value through profit or loss.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk as noted below.

For trade receivables only, the Company applies the simplified approach permitted by AASB 9, which requires the expected lifetime losses to be recognised from initial recognition of the receivables.

The Company is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- ∞ payment of trade receivables as invoices fall due
- ∞ contractual cash flows of debt instruments.

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Financial assets are written off when there is no reasonable expectation of recovery.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluation of freehold land and buildings

Following initial recognition at cost, freehold land and buildings are carried at a revalued amount that is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent impairment losses.

Fair value is the amount of "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Fair values are confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of comprehensive income, in which case it is credited to that statement.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line ('SL') or diminishing value ('DV') basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.50% SL
Plant and Equipment	10 - 50% DV
Motor Vehicles	22.50% DV
Leasehold improvements	20% SL

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Deaf Services Limited

ABN: 62 118 664 298

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use. Value in use for assets is a discounted cash flow calculation.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(i) Intangible Assets

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Amortisation

Amortisation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the trade and other payables is deemed to reflect fair value.

(l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (continued)

(l) Employee benefits (continued)

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in surplus or deficit.

(m) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following accounting standards are expected to impact Deaf Services' accounting policies in the period of initiation application. The impact of these standards has not yet been quantified.

(i) AASB 15 - Revenue from Contracts with Customers

AASB 15 introduces a five step process for revenue recognition with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise for future reporting periods in respect to the timing of revenue recognition, treatment of contracts which contain a financing element and grant income. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Effective Date: Annual reporting periods beginning on or after 1 January 2019

(ii) AASB 1058 - Income of Not-for-Profit Entities

AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligations (a promise to transfer a good or service), or a contribution by owners related to an asset (such as cash or another asset) received by an entity.

Effective Date: Annual reporting periods beginning on or after 1 January 2019

(iii) AASB 16 Leases

AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.

Effective Date Annual reporting periods beginning on or after 1 January 2019

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

3 Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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.

Key judgements - Grants received

The Company has received a number of government grants during the year. Once the Company has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered), in which case it is accounted for under AASB 118 Revenue, or a non-reciprocal grant, in which case it is accounted for under AASB 1004 Contributions.

Key estimates - Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2(l). The amount of these provisions would change should any of these factors change in the next 12 months.

Provision for employee benefits includes an estimate for unpaid wages and superannuation. The provision is for the potential outlay of the superannuation and wages relating to prior year payments to contractors now considered to be employees by law. Key variables estimated to arrive at the provision include selection of an appropriate award rate, hours worked, hourly rate paid to the contractor and potential penalties arising from late remittance of superannuation.

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

4 Other Income

	2019	2018
	\$	\$
Other Income		
- rental income	77,223	141,650
- other income	71,441	4,488
	<u>148,664</u>	<u>146,138</u>

5 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
Employee benefits expense		
Wages, salaries and leave expense	11,735,086	10,848,523
Superannuation contributions	1,057,830	879,055
	<u>12,792,916</u>	<u>11,727,578</u>
Impairment of receivables:		
- Doubtful debts	(65,945)	69,791
Rental expense on operating leases:		
- Minimum lease payments	468,972	516,154

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	4,024,468	2,845,458
	<u>4,024,468</u>	<u>2,845,458</u>

7 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	481,399	413,553
Provision for impairment	(16,424)	(82,369)
	<u>464,975</u>	<u>331,184</u>
Other receivables	1,056,108	288,877
	<u>1,521,083</u>	<u>620,061</u>

Deaf Services Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Other Assets

		2019	2018
	Note	\$	\$
CURRENT			
Prepayments	(a)	827,353	877,071
Deposits		37,205	34,692
		<u>864,558</u>	<u>911,763</u>

(a) Prepaid lottery expense

Included in prepayments is an amount of \$655,202 (2018: \$627,593) which relates to lottery expenses incurred for future draws. These costs will be recognised in the statement of comprehensive income at the time the lottery is drawn.

9 Financial assets

	2019	2018
	\$	\$
NON-CURRENT		
Financial assets at fair value through other comprehensive income		
- equity securities	8,415,825	7,744,947
- debt securities	3,407,363	2,233,833
	<u>11,823,188</u>	<u>9,978,780</u>

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

10 Property, plant and equipment

	2019	2018
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>1,665,000</u>	1,665,000
Total Land	<u>1,665,000</u>	1,665,000
Buildings		
At independent valuation	<u>3,455,000</u>	3,435,000
Accumulated depreciation	<u>(172,000)</u>	(85,875)
Total buildings	<u>3,283,000</u>	3,349,125
Total land and buildings	<u>4,948,000</u>	5,014,125
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	<u>835,177</u>	852,016
Accumulated depreciation	<u>(717,001)</u>	(747,609)
Total plant and equipment	<u>118,176</u>	104,407
Motor vehicles		
At cost	<u>56,141</u>	64,868
Accumulated depreciation	<u>(39,932)</u>	(40,597)
Total motor vehicles	<u>16,209</u>	24,271
Leasehold Improvements		
At cost	<u>304,944</u>	144,718
Accumulated depreciation	<u>(119,214)</u>	(83,260)
Total leasehold improvements	<u>185,730</u>	61,458
Total plant and equipment	<u>320,115</u>	190,136
Total property, plant and equipment	<u>5,268,115</u>	<u>5,204,261</u>

Land and Buildings at valuation

The Company's land and buildings were revalued as at 30 June 2017 by independent valuers. Valuations were made using the price orderly transaction between market participants at the measurement date.

Deaf Services Limited

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**Notes to the Financial Statements
For the Year Ended 30 June 2019**

10 Property, plant and equipment (continued)

Land and Buildings at valuation (continued)

(a) Movements in Carrying Amounts

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

	Land \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Leasehold improvements \$	Total \$
Year ended 30 June 2019						
Balance at the beginning of the year	1,665,000	3,349,125	104,407	24,271	61,458	5,204,261
Additions	-	20,000	78,947	-	160,226	259,173
Disposals - written down value	-	-	(15,852)	(3,036)	-	(18,888)
Depreciation expense	-	(86,125)	(49,326)	(5,026)	(35,954)	(176,431)
Balance at the end of the year	1,665,000	3,283,000	118,176	16,209	185,730	5,268,115

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

11 Intangible Assets

	2019	2018
	\$	\$
Computer software		
At cost	1,481,254	1,505,439
Accumulated amortisation	(920,253)	(705,711)
	<u>561,001</u>	<u>799,728</u>

(a) Movements in carrying amounts

	Computer software	Total
	\$	\$
Year ended 30 June 2019		
Balance at the beginning of the year	799,728	799,728
Additions	196,295	196,295
Disposals - written down value	(63,856)	(63,856)
Amortisation expense	(371,166)	(371,166)
Balance at the end of the year	<u>561,001</u>	<u>561,001</u>

12 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	361,259	526,729
Sundry payables and accrued expenses	877,814	437,963
	<u>1,239,073</u>	<u>964,692</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

13 Other Liabilities

	2019	2018
	\$	\$
CURRENT		
Revenue received in advance - lottery receipts	2,306,376	2,043,271
Other revenue received in advance	534,052	104,095
	<u>2,840,428</u>	<u>2,147,366</u>

(a) Revenue received in advance - lottery receipts

The balance disclosed relates to lottery ticket sale revenue received in relation to future draws. These amounts are recognised as revenue in the statement of comprehensive income at the time the lottery is drawn.

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

14 Employee Benefits

	2019	2018
	\$	\$
CURRENT		
Long service leave	319,747	423,459
Annual leave	453,626	440,975
Other employee benefits	800,000	800,000
	<u>1,573,373</u>	<u>1,664,434</u>
NON-CURRENT		
Long service leave	242,951	186,612
	<u>242,951</u>	<u>186,612</u>

Other Current employee benefits comprises a provision for unpaid wages and superannuation. The provision is an estimate for prior year payments to contractors now considered to be employees by law. (Refer to Note 3).

15 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

(b) Financial asset reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 2(g). These changes are accumulated with the financial assets reserve within equity. The Company transfers amounts from this reserve to retained surpluses when the relevant equity securities are derecognised.

(c) Other reserves

Other reserves primarily consist of capital profits from the sale of properties in prior years.

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

16 Commitments

Operating Leases

	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	313,792	418,995
- between one year and five years	244,507	305,088
- later than five years	18,579	-
	<u>576,878</u>	<u>724,083</u>

Operating leases have been taken out for properties located at Alderley, Townsville, Rockhampton, Mackay and Yeerongpilly. Lease payments are increased on an annual basis to reflect market rentals.

The Rockhampton and Mackay leases are period leases and can be terminated by either party by giving 30 or 90 days notice, respectively.

The Company also has operating leases for 15 (2018: 19) motor vehicles. These are non-cancellable leases with payments made monthly in advance. The terms of the motor vehicle leases are for a period of 36 months.

17 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 \$5 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 110 (2018: 125).

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: None).

Deaf Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

19 Related Parties

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

The compensation paid to key management personnel during the year was \$978,070 (2018: \$657,766).

Ms S Strobridge earned wages of \$673 (2018: \$6,465) in her capacity as a teacher within the Company's registered training organisation arm.

(b) Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No expenses were incurred with related parties during the 2019 financial year.

20 Events after the end of the Reporting Period

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.

21 Company Details

The registered office of and principal place of business of the company is:

Deaf Services Limited
915 Ipswich Road
MOOROOKA QLD 4105

Deaf Services Limited

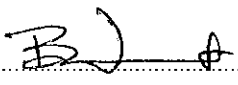
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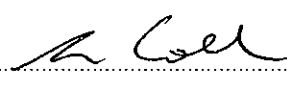
Directors' Declaration

The directors declare that in their opinion:

- ∞ there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable; and
- ∞ the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director 

Director 

Dated this 28th day of October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEAF SERVICES LIMITED

OPINION

We have audited the financial report of Deaf Services Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration

In our opinion the financial report of Deaf Services Limited has been prepared in accordance with Division 60 of 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 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RRESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

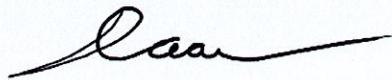
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

UHY Haines Norton

Chartered Accountants



Darren Laarhoven

Partner

Brisbane, 30 October 2019