

# **Deaf Services Limited**

**ABN: 62 118 664 298**

## **Financial Statements**

**For the Year Ended 30 June 2020**

# **Deaf Services Limited**

ABN: 62 118 664 298

## **Contents**

**For the Year Ended 30 June 2020**

	Page
<b>Financial Statements</b>	
Directors' Report	1
Auditor's Independence Declaration	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	33
Independent Audit Report	34

# **Deaf Services Limited**

ABN 62 118 664 298

## **DIRECTORS' REPORT**

Your directors present this report on the company for the financial year ended 30 June 2020.

### **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  
Mr Len Bytheway  
Mr Ralph Collins  
Mr Doug Evans  
Mr Stuart Lummis  
Mr Robin Mack  
Mr Cameron Miller  
Ms Bronwyn Rout  
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 total comprehensive income for the year of \$4,460,838; (2019 - \$2,769,640).

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.

# **Deaf Services Limited**

ABN 62 118 664 298

## **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 Rochelle Caron.

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.

**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 years' 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.

# Deaf Services Limited

ABN 62 118 664 298

## DIRECTORS' REPORT

- 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 has just completed his term 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).
- 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.
- Stuart Lummis** Stuart Joined Deaf Services Board in February 2019 having over 39 years' experience as a senior executive and Company Director, with a strong background in the property sector. He has a Bachelor of Economics and other post graduate qualifications, he is the Head of Property at Yourtown, and was previously 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, Bolton Clarke (formerly RSL Care + RDNS), the Heritage Council of Queensland and Chair of the National Trust of Queensland Advocacy committee. He is a Fellow of the Australian Institute of Company Directors.
- 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.
- Cameron Miller** Cameron Miller joined the Deaf Services board in 2014. He holds a Bachelor of Education and is currently working at Toowong State School. He has presented at various National and International conferences on bilingualism. Cameron has been on the organising committee of the last three Deaf Festivals and was the secretary for Queensland Deaf Rugby League as well as Queensland Deaf Council Cultural Committee. In his spare time, Cameron likes to play touch football and coaches a junior touch team.

## **Deaf Services Limited**

ABN 62 118 664 298

### **DIRECTORS' REPORT**

#### **Bronwyn Rout**

Bronwyn is an experienced director and governance professional who joined the Board in May 2011. She was elected Chair of the Board in November 2018. Bronwyn was admitted as a solicitor 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 governance and compliance frameworks, business strategy, risk management and organisational change management. Bronwyn is a graduate of the Australian Institute of Company Directors' Company Directors Course, a Chartered Governance Professional and a Fellow of the Governance Institute of Australia.

#### **Sally Strobridge**

Sally is a third generation Auslan using Deaf person who joined the Board in 2013. Sally is the President of the Deaf Cultural Council Queensland and was the President of the Queensland Association of the Deaf from 2008-2011. She 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. Sally holds a Bachelor in Sciences, Graduate diploma in Secondary Education majoring in Auslan LOTE and Science and Diploma of Interpreting qualifications.

## Deaf Services Limited

ABN 62 118 664 298

### DIRECTORS' REPORT

#### Meetings of Directors

During the year, 10 meetings of directors were held. Attendance by each director is as follows:

DIRECTORS	DIRECTOR'S MEETINGS	
	Number eligible to attend	Number attended
Kathryn Armfield	10	10
Len Bytheway	10	9
Ralph Collins	10	8
Doug Evans	10	8
Stuart Lummis	10	10
Robin Mack	10	10
Cameron Miller	10	10
Bronwyn Rout	10	10
Sally Strobridge	10	8

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 2020, the total amount that members of the company are liable to contribute if the company is wound up is \$600 (2019: \$550).

#### 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 26<sup>th</sup> day of October, 2020

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@uhyhnseq.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 2020, 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, 25 October 2020



## Deaf Services Limited

ABN: 62 118 664 298

### Statement of Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	5	35,625,181	30,186,362
Other income	5	368,735	796,311
Employee benefits expense	6	(15,122,543)	(12,792,915)
Depreciation and amortisation expense			
PPE - Depreciation		(811,100)	(547,597)
Other interest expense		(109,611)	-
Travel and motor vehicle expenses		(479,581)	(531,486)
Occupancy expenses		(823,613)	(767,122)
Printing and postage		(628,804)	(430,209)
Insurance expense		(237,190)	(283,999)
Advertising and promotion		(1,330,760)	(1,285,620)
IT and telecommunications		(1,201,177)	(1,004,821)
Contractors		(571,668)	(388,029)
Professional fees		(85,563)	(119,594)
Other supplies and services		(10,241,954)	(10,324,792)
Loss on disposal of assets		(33,960)	(78,745)
<b>Profit for the year</b>		<b>4,316,392</b>	<b>2,427,744</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net fair value movements		144,446	341,896
<b>Total other comprehensive income for the year</b>		<b>144,446</b>	<b>341,896</b>
<b>Total comprehensive income for the year</b>		<b>4,460,838</b>	<b>2,769,640</b>

The accompanying notes form part of these financial statements.

## Deaf Services Limited

ABN: 62 118 664 298

### Statement of Financial Position As At 30 June 2020

	Note	2020 \$	2019 \$
<strong>ASSETS</strong>			
<strong>CURRENT ASSETS</strong>			
Cash and cash equivalents	7	3,186,891	4,024,468
Trade and other receivables	8	2,488,723	2,318,822
Other assets	9	838,106	864,558
<strong>TOTAL CURRENT ASSETS</strong>		<strong>6,513,720</strong>	<strong>7,207,848</strong>
<strong>NON-CURRENT ASSETS</strong>			
Financial assets	10	17,385,692	11,823,188
Property, plant and equipment	11	8,126,680	5,268,115
Intangible assets	12	414,344	561,001
<strong>TOTAL NON-CURRENT ASSETS</strong>		<strong>25,926,716</strong>	<strong>17,652,304</strong>
<strong>TOTAL ASSETS</strong>		<strong>32,440,436</strong>	<strong>24,860,152</strong>
<strong>LIABILITIES</strong>			
<strong>CURRENT LIABILITIES</strong>			
Trade and other payables	13	1,724,244	2,036,812
Lease liabilities	15	351,459	-
Other liabilities	14	3,862,309	2,840,428
Employee benefits	16	1,490,648	1,573,373
<strong>TOTAL CURRENT LIABILITIES</strong>		<strong>7,428,660</strong>	<strong>6,450,613</strong>
<strong>NON-CURRENT LIABILITIES</strong>			
Lease liabilities	15	2,107,853	-
Employee benefits	16	276,498	242,951
<strong>TOTAL NON-CURRENT LIABILITIES</strong>		<strong>2,384,351</strong>	<strong>242,951</strong>
<strong>TOTAL LIABILITIES</strong>		<strong>9,813,011</strong>	<strong>6,693,564</strong>
<strong>NET ASSETS</strong>		<strong>22,627,425</strong>	<strong>18,166,588</strong>
<strong>EQUITY</strong>			
Reserves	17	2,996,077	4,495,064
Retained earnings		19,631,348	13,671,524
<strong>TOTAL EQUITY</strong>		<strong>22,627,425</strong>	<strong>18,166,588</strong>

The accompanying notes form part of these financial statements.

## Deaf Services Limited

ABN: 62 118 664 298

### Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>13,671,524</b>	<b>915,849</b>	<b>1,576,741</b>	<b>2,002,473</b>	<b>18,166,587</b>
Profit for the year	4,316,392	-	-	-	4,316,392
Other comprehensive income for the year	-	349,272	(204,826)	-	144,446
<b>Total comprehensive income for the year</b>	<b>4,316,392</b>	<b>349,272</b>	<b>(204,826)</b>	<b>-</b>	<b>4,460,838</b>
Transfer from financial asset revaluation reserve realised gain on financial assets sold during the year	1,643,432	-	(1,643,432)	-	-
<b>Balance at 30 June 2020</b>	<b>19,631,348</b>	<b>1,265,121</b>	<b>(271,517)</b>	<b>2,002,473</b>	<b>22,627,425</b>

2019

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>11,439,636</b>	<b>915,849</b>	<b>1,038,989</b>	<b>2,002,473</b>	<b>15,396,947</b>
Profit for the year	2,427,744	-	-	-	2,427,744
Other comprehensive income for the year	-	-	341,896	-	341,896
<b>Total comprehensive income for the year</b>	<b>2,427,744</b>	<b>-</b>	<b>341,896</b>	<b>-</b>	<b>2,769,640</b>
Transfer to financial asset revaluation reserve realised loss on financial assets sold during the year	(195,856)	-	195,856	-	-
<b>Balance at 30 June 2019</b>	<b>13,671,524</b>	<b>915,849</b>	<b>1,576,741</b>	<b>2,002,473</b>	<b>18,166,587</b>

The accompanying notes form part of these financial statements.

## Deaf Services Limited

ABN: 62 118 664 298

### Statement of Cash Flows For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		12,114,436	7,906,120
Fundraising income		20,474,096	19,457,877
Government grants and subsidies		5,307,394	4,394,356
Payments to suppliers and employees		(32,601,892)	(29,131,100)
Donations received		255,768	78,872
Finance cost		(109,611)	-
Net cash provided by/(used in) operating activities		<u>5,440,191</u>	<u>2,706,125</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received		20,476	62,710
Dividends received		317,772	364,155
Purchase of property, plant and equipment		(296,141)	(255,175)
Purchase of intangible assets		(113,125)	(196,294)
Proceeds from sale of financial assets		15,140,005	3,115,270
Purchase of financial assets		(20,948,045)	(4,617,781)
Net cash provided by/(used in) investing activities		<u>(5,879,058)</u>	<u>(1,527,115)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal paid on lease liabilities		(398,710)	-
Net cash provided by/(used in) financing activities		<u>(398,710)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		(837,577)	1,179,010
Cash and cash equivalents at beginning of year		<u>4,024,468</u>	<u>2,845,458</u>
Cash and cash equivalents at end of financial year	7	<u><u>3,186,891</u></u>	<u><u>4,024,468</u></u>

The accompanying notes form part of these financial statements.

## Deaf Services Limited

ABN: 62 118 664 298

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

The financial report covers Deaf Services Limited as an individual entity. Deaf Services Limited is a not-for-profit Company limited by guarantee, registered 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 26 October 2020.

#### 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

###### For comparative year

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).

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(b). Revenue and other income (continued)**

###### **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 Company 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.

Deaf Services Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

###### **Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

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 behalf of clients. The total value of plans managed during the year and funds collected on behalf of clients is excluded from Services Income.

###### **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.

###### **Donations**

Donations and bequests are recognised as revenue when received.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(b). Revenue and other income (continued)**

###### **Interest revenue**

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

###### **Other investment income**

Dividends and trust distributions are recognised when the right to receive the income has been established.

###### **For current year**

###### **Revenue from contracts with customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

###### **Specific revenue streams**

The revenue recognition policies for the principal revenue streams arising under contracts with customers of the Company are:

###### **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. The performance obligation to those purchasing the lottery ticket is not considered to be complete until the Art Union draw is completed.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(b). Revenue and other income (continued)**

###### **Rendering of services**

Revenue from the rendering of services is recognised at a point in time in which the service has been provided. The amount of revenue recognised is the amount as agreed between the parties prior to the service being provided. Any variations to this contract price is agreed with the customer prior to the service being provided.

A receivable in relation to these services is recognised when an invoice has been issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

###### **Training income**

Training income is recognised once the participant has completed their course and all performance obligations have been met. Amounts relating to periods beyond the current financial year are shown in the Statement of Financial Position as revenue received in advance, under the heading current liabilities.

###### **Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)**

###### **Grant income**

Amounts arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. The Company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

###### **Donations**

Donations collected are recognised as revenue when the Company gains control of the asset.

###### **Interest revenue**

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

###### **Other investment income**

Dividends and trust distributions are recognised when the right to receive the income 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 contract asset in the statement of financial position until the lottery is drawn.



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(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.

##### **(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 impairment allowance for any uncollectible amounts. The carrying amount of the receivable is deemed to reflect fair value.

Refer to note 2(f) for the allowance for impairment accounting policy.

##### **(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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(g). Financial instruments (continued)**

###### **Classification and measurement (continued)**

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.

###### **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 the statement of comprehensive income 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.

###### **Fair value through other comprehensive income (FVOCI)**

Financial assets at fair value through other comprehensive income includes the Company's investments 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 profit.

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.
- managed investment funds.

###### **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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(g). Financial instruments (continued)**

###### **Impairment (continued)**

An allowance for impairment is based on the simplified approach to providing for expected credit losses prescribed by AASB 9 *Financial Instruments*, which permits the use of the lifetime loss provision for all trade receivables. The impairment provision recognised expected lifetime losses from initial recognition of the receivable and incorporate forward looking expected credit loss information.

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. To 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.

##### **(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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(h). Property, plant and equipment (continued)**

###### **Revaluation of freehold land and buildings (continued)**

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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2.5% SL
Plant and Equipment	10 - 50% DV
Motor Vehicles	22.5% 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.

###### **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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(i). Intangible Assets (continued)**

###### **Amortisation**

Amortisation is recognised in the statement of comprehensive income 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**

###### **For comparative year**

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.

###### **For current year**

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(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.

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 the statement of comprehensive income.

#### **3 Change in Accounting Policy**

##### **Revenue from Contracts with Customers - Adoption of AASB 15**

The Company has adopted all standards which became effective for the first time. Refer below details of the changes due to standards adopted.

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. If adjustments are required, these have been taken to retained earnings at 1 July 2019.

The adoption of the new standards did not result in any material change to the pattern of revenue recognition compared to the previous revenue standards. Note 2(b) describes the Company's new accounting policies.

##### **Leases - Adoption of AASB 16**

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

##### **Impact of adoption of AASB 16**

The impact of adopting AASB 16 is described below:

###### *Company as a lessee*

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **3 Change in Accounting Policy (continued)**

##### **Leases - Adoption of AASB 16 (continued)**

###### **Impact of adoption of AASB 16 (continued)**

lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

###### *Practical expedients used on transition*

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's assessed incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- leases with an expiry date prior to 30 June 2020 were excluded from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

###### **Financial statement impact of adoption of AASB 16**

The Company has recognised right-of-use assets of \$2,780,103 and lease liabilities of \$2,728,103 and makegood of \$52,000 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4.18%.

	\$
Operating lease commitments at 30 June 2019 financial statements	576,878
Discounted using the incremental borrowing rate at 1 July 2019	552,936
Extension options reasonably certain to be exercised not included in the commitments note	2,257,174
Less Short-term leases included in commitments note	82,007
<b>Lease liabilities recognised at 1 July 2019</b>	<b>2,728,103</b>

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **4 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 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.

The significant estimates and judgements made have been described below.

##### **Key judgements - performance obligations under AASB 15**

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the Company, review of the grant agreement and consideration of the terms and conditions.

Grants received by the Company have been accounted for under AASB 1058.

If the determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

##### **Key estimates - property, plant and equipment**

An independent valuation of properties (land and buildings) carried at fair value was obtained during April 2020. Acumentis. Commercial properties located at Moorooka, Cairns and Maryborough were valued using the capitalisation of income and direct comparison approaches. A capitalisation rate of 7.23%, 10% and 8% respectively were applied to the assessed net income. All properties considered to be residential in nature were valued based on a direct comparison of similar properties. The valuation is an estimation which would only be realised if the properties are sold.

Refer to note 11 for consideration of COVID-19 impact on valuations.

##### **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.



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 4 Critical Accounting Estimates and Judgments (continued)

##### Key estimates - lease terms and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Company will make. The Company determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Company.

#### 5 Revenue and Other income

	Note	2020 \$	2019 \$
<b>Revenue from contracts with customers (AASB 15)</b>			
- Services income		9,670,367	6,883,858
- Rental income		57,312	77,223
- Fundraising income		20,474,096	19,194,772
		<b>30,201,775</b>	<b>26,155,853</b>
<b>Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)</b>			
- Government operating grants		3,315,459	3,951,637
- Donations and bequests		255,768	78,872
- Government assistance grants	(a).	1,852,179	-
		<b>5,423,406</b>	<b>4,030,509</b>
<b>Total Revenue</b>		<b>35,625,181</b>	<b>30,186,362</b>
<b>Other Income</b>			
- Interest and other investment income	(b).	338,248	724,870
- Contributions		30,487	71,441
		<b>368,735</b>	<b>796,311</b>

##### (a). Government assistance grants

As a result of the COVID-19 pandemic, federal government has implemented the JobKeeper and Cash Flow Boost government schemes to assist businesses during this time. During the 2020 financial year the Company was entitled to and received the JobKeeper and Cash Flow Boost grants.

##### (b). Interest and other investment income

Interest and other investment income comprises of interest, dividends and trust distributions.

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 6 Result for the Year

	2020	2019
	\$	\$
- Other interest expense	109,611	-
- Other finance costs	109,611	-
<b>Total finance costs</b>	<b>219,222</b>	<b>-</b>

The result for the year includes the following specific expenses:

	2020	2019
	\$	\$
<b>Employee benefits expense</b>		
Wages, salaries and leave expense	13,879,438	11,735,086
Superannuation contributions	1,243,105	1,057,830
	<b>15,122,543</b>	<b>12,792,916</b>
Impairment of receivables:		
- Doubtful debts	(48,855)	(65,945)
Rental expense on operating leases:		
- Minimum lease payments	-	468,972

From 1 July 2019, the Company is capitalising leases and the amount of any short term and low value leases is disclosed at Note 15.

#### 7 Cash and Cash Equivalents

	2020	2019
	\$	\$
Petty cash	2,000	2,750
Cash at bank	3,170,609	3,982,322
Term Deposits	14,282	39,396
	<b>3,186,891</b>	<b>4,024,468</b>

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 8 Trade and Other Receivables

	2020 \$	2019 \$
CURRENT		
Trade receivables	627,190	481,399
Provision for impairment	(65,279)	(16,424)
	<u>561,911</u>	<u>464,975</u>
Other receivables	1,926,812	1,853,847
<b>Total current trade and other receivables</b>	<u><b>2,488,723</b></u>	<u><b>2,318,822</b></u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### 9 Other Assets

	2020 \$	2019 \$
CURRENT		
Prepayments	801,301	827,353
Deposits	36,805	37,205
	<u><b>838,106</b></u>	<u><b>864,558</b></u>

##### (a). Prepaid lottery expense

Included in prepayments is an amount of \$618,878 (2019: \$655,202) 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.

#### 10 Financial assets

	2020 \$	2019 \$
NON-CURRENT		
<b>Financial assets at fair value through other comprehensive income</b>		
- Managed equity investment trust (equity securities)	10,083,575	8,415,825
- Managed cash trust (debt securities)	7,302,117	3,407,363
	<u><b>17,385,692</b></u>	<u><b>11,823,188</b></u>

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 11 Property, plant and equipment

	2020 \$	2019 \$
LAND AND BUILDINGS		
Freehold land		
At fair value	1,335,000	1,665,000
Total Land	1,335,000	1,665,000
Buildings		
At fair value	3,970,000	3,455,000
Accumulated depreciation	-	(172,000)
Total buildings	3,970,000	3,283,000
Total land and buildings	5,305,000	4,948,000
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	983,781	835,177
Accumulated depreciation	(781,193)	(717,001)
Total plant and equipment	202,588	118,176
Motor vehicles		
At cost	56,141	56,141
Accumulated depreciation	(43,660)	(39,932)
Total motor vehicles	12,481	16,209
Leasehold Improvements		
At cost	336,724	304,944
Accumulated depreciation	(183,747)	(119,214)
Total leasehold improvements	152,977	185,730
RIGHT OF USE ASSET		
At cost	2,798,431	-
Accumulated depreciation	(344,797)	-
Total right of use assets	2,453,634	-
<b>Total property, plant and equipment</b>	<b>8,126,680</b>	<b>5,268,115</b>

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 11 Property, plant and equipment (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 improvement	Right of Use Asset	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2020</b>							
Balance at the beginning of the year	1,665,000	3,283,000	118,176	16,209	185,730	-	5,268,115
Initial application of AASB 16	-	-	-	-	-	2,780,103	2,780,103
Additions	-	95,176	169,185	-	31,780	18,328	314,469
Disposals - written down value	-	-	(1,993)	-	-	-	(1,993)
Depreciation expense	-	(87,448)	(82,780)	(3,728)	(64,533)	(344,797)	(583,286)
Revaluation	(330,000)	679,272	-	-	-	-	349,272
<b>Balance at the end of the year</b>	<b>1,335,000</b>	<b>3,970,000</b>	<b>202,588</b>	<b>12,481</b>	<b>152,977</b>	<b>2,453,634</b>	<b>8,126,680</b>

##### Land and Buildings at valuation

The Company's land and buildings were revalued to \$5.3 million as at 30 June 2020 by Acumentis, an independent professional valuer, on a fair value basis in accordance with the requirements of the Australian Accounting Standard AASB 13 *Fair Value Measurement*. The valuer has reported the valuation was provided based on significant valuation uncertainty as a result of COVID-19 and the associated economic uncertainty. Sales evidence was provided based on sales from 2018 and 2019. These sales were pre COVID-19. The real estate market is being impacted by the uncertainty the COVID-19 outbreak has caused. Market conditions are changing daily at present. Australia previously experienced a strong period of transactional activity.

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 12 Intangible Assets

	2020	2019
	\$	\$
Computer Software		
At cost	1,289,343	1,481,254
Accumulated amortisation	(874,999)	(920,253)
	<u>414,344</u>	<u>561,001</u>
<b>Total Intangibles</b>	<b>414,344</b>	<b>561,001</b>

#### (a). Movements in carrying amounts of intangible assets

	Computer Software	Total
	\$	\$
<b>Year ended 30 June 2020</b>		
Opening balance	561,001	561,001
Additions	113,125	113,125
Disposals - written down value	(31,968)	(31,968)
Amortisation expense	(227,814)	(227,815)
	<u>414,344</u>	<u>414,343</u>
<b>Closing value at 20 June 2020</b>	<b>414,344</b>	<b>414,343</b>

#### 13 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	596,541	361,259
GST payable	661,003	708,624
Sundry payables and accrued expenses	466,700	966,929
	<u>1,724,244</u>	<u>2,036,812</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

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

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 14 Other Liabilities

	2020 \$	2019 \$
CURRENT		
Revenue received in advance - lottery receipts	2,465,572	2,306,376
Other revenue received in advance	1,396,737	534,052
	<b>3,862,309</b>	<b>2,840,428</b>

##### (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.

#### 15 Lease Liability

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

##### *Company as a lessee*

The Company has leases over a range of assets including land and buildings and vehicles. The right of use asset is presented within Note 12, Property, plant and equipment.

##### CURRENT

Lease liabilities	351,459	-
-------------------	---------	---

##### NON CURRENT

Lease liabilities	2,107,853	-
-------------------	-----------	---

##### Extension options

A number of the building leases contain extension options which allow the Company to extend the lease term by up to twice the original non-cancellable period of the lease.

The Company includes options in the leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

## Deaf Services Limited

ABN: 62 118 664 298

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 15 Lease Liability (continued)

##### *Statement of Comprehensive Income*

The amounts recognised in the statement of comprehensive income relating to leases where the Company is a lessee are shown below:

	2020	2019
	\$	\$
Interest expense on lease liabilities	(109,611)	-
Depreciation of right-of-use assets	(344,797)	-
Short term and low value leases included in occupancy expenses	(701,364)	-

##### *Statement of Cash Flows*

	2020	2019
	\$	\$
<b>Total cash outflow for leases</b>		
Interest (operating activity)	(109,611)	-
Principal (finance activity)	(398,710)	-
Low value & short term leases (payments to suppliers and employees)	(619,096)	-

#### **Non-cash Financing and Investing Activities**

During the 30 June 2020 financial year, \$18,328 right of use asset was recognised with a corresponding lease liability. This asset is excluded from purchases of property, plant and equipment as disclosed in the Statement of Cash Flows.

#### 16 Employee Benefits

	2020	2019
	\$	\$
<b>CURRENT</b>		
Long service leave	330,951	319,747
Annual leave	631,357	453,626
Other employee benefits	528,340	800,000
	<u>1,490,648</u>	<u>1,573,373</u>
<b>NON-CURRENT</b>		
Long service leave	276,498	242,951
	<u>276,498</u>	<u>242,951</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 4).



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **17 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 earnings 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.

#### **18 Commitments**

**Operating Leases**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	313,792
- between one year and five years	-	244,507
- later than five years	-	18,579
	<u>-</u>	<u>576,878</u>

For comparative year

Operating leases have been taken out for properties located in Alderly, 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 to 90 days notice, respectively. The Company also has operating leases for (2019: 15) 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.

For current year

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

The Company has adopted AASB 16 Leases. Refer to note 3 and 15 for disclosures in respect to the transition to the new accounting standard.

## Deaf Services Limited

ABN: 62 118 664 298

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 19 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 2020 the number of members was 120 (2019: 110).

### 20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

### 21 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. Key management personnel compensation includes:

	2020	2019
	\$	\$
2 (2019:3) Executives	617,551	785,784
9 (2019: 12) Directors	211,555	192,286
	<u>829,106</u>	<u>978,070</u>

Ms S Strobidge earned wages of \$0 (2019: \$673) 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 2020 financial year.

### 22 Events after the end of the Reporting Period

Effective from 1 October 2020 The Deaf Society merged with Deaf Services Limited. Net assets of The Deaf Society as at 1 October 2020 will be transferred to Deaf Services Limited.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### 23 Company Details

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

Deaf Services Limited  
915 Ipswich Road  
MOOROOKA QLD 4105

## Deaf Services Limited


ABN: 62 118 664 298

### 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 26th day of October 2020

**Deaf Services Limited**

ABN: 62 118 664 298

**Independent Audit Report to the members of Deaf Services Limited**

Location

Dated this.....day of.....2020