

# **Deaf Services Limited**

**ABN: 62 118 664 298**

## **Financial Statements**

**For the Year Ended 30 June 2022**

# Deaf Services Limited

ABN: 62 118 664 298

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For the Year Ended 30 June 2022

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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 2022.

### **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 Michael Boneham  
Mr Len Bytheway  
Mr Ralph Collins  
Mr Doug Evans  
Mr Brian Halse  
Mr Hoai Vince Lam  
Ms Sarah Lowe  
Mr Stuart Lummis  
Mr Robin Mack  
Mr Cameron Miller  
Ms Sally Strobridge  
Ms Sarahjane Thompson

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 \$1,249,112; (restated 2021 - \$5,689,630).

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**

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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 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.

**Michael Boneham** Michael joined the Deaf Services Board in October 2020. He holds a Bachelor of Education and is a member of the Australian Institute of Company Directors. Michael completed a 28-year career with Ford Motor Company when he retired after over four and half years as President and Managing Director of Ford India. Michael spent over 12 years in overseas senior leadership assignments in manufacturing and General Management with Land Rover and Ford in UK, USA, Thailand and India. Prior to being posted overseas Michael worked for Ford Australia in a number of Human Resources and Manufacturing senior leadership positions. He presently holds Advisory Board positions for a US based private businesses, in addition to his Board role with the Deaf Society.

**Len Bytheway** Len joined the 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 40 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.

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## DIRECTORS' REPORT

- Ralph Collins** Ralph Collins joined the Board in 2014. He is a qualified actuary who has over 40 years of experience working in financial services (life companies and superannuation funds). He was a senior manager responsible for the delivery of products, services and advice to employers and their employees. Ralph is a member of the Australian Institute of Company Directors and a Fellow of the Institute of Actuaries of Australia. He is also Chair of the Uniting Church Queensland Synod Audit and Risk Committee.
- 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.
- Brian Halse** Brian joined as a Director of The Deaf Society from July 2015 and was elected Vice-President in November 2015. He became the Chairperson in December 2016, till the merger with Deaf Services in 2020. In 2020, Brian became a director of the combined entity. Brian holds a Dip Sc. (Horticultural), Grad Cert. Financial Management, Certificate IV Training & Assessment. He is a member of the Australia Institute of Company Directors (MAICD) and Fellow at the Institute of Managers and Leaders. (FIML). Brian has been Chief Executive Officer of several NFP, including High Security Irrigators, and ChemCert Training Group. Brian is currently the Co-Founder of beHub Health, a software business focusing on supporting clinicians, with medical products, education, and training.
- Hoai Vince Lam** Vince joined the Deaf Services Board in November 2020 and has been a director of the Deaf Society since 2017. He is a Professional Accountant and an Independent Financial Advisor. Vince has a wealth of experience with international and domestic blue chip organisations. He holds a Bachelor of Commerce (University of Sydney), Master of Applied Finance (Macquarie University) and professional membership with CPA Australia.
- Sarah Lowe** Sarah joined the Deaf Services Board in October 2020. Sarah is director of her own business, Cloudmaker Consulting, which is engaged in business planning, marketing, UX Design and communications. Sarah is a passionate senior marketing executive with 20+ years' experience in not-for-profit marketing and fundraising, corporate marketing and agency account management roles. Sarah is a Founding Member of the National Social Marketing Centre in the UK and a member of the Australian Association of Social Marketing and Australian Market & Social Research Society. Sarah holds a Bachelor of Arts (Monash University), Bachelor of Commerce (Monash University), and a Master of Business Administration (MBA) from RMIT.
- Stuart Lummis** Stuart Joined Deaf Services Board in February 2019. Stuart brings 40 years of experience as a senior executive in ASX-listed groups, government agencies and not-for-profit organisations. Stuart has extensive management experience through his current role as the Head of Property for Yourtown and previously as CEO of Brisbane Housing Company. Stuart is Non-Executive Director on the board of several organisations, including Bolton Clarke, Brisbane Markets Limited, Heritage Council of Queensland and the National Trust of Queensland. Stuart is also the Chair of the Property Advisory and Stewardship Committees for the Sisters of St Joseph. Additionally, he is a member of the Property Council of Queensland, sitting on the Social Infrastructure committee. Stuart has a Bachelor of Economics, Post

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### **DIRECTORS' REPORT**

Graduate Diploma in Applied Finance and Investment, Diploma in Project and Construction Management, and is also 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.

#### **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.

#### **Sally Strobridge**

Sally joined the Deaf Services Board in December 2012. 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. Sally taught undergraduate to postgraduate Auslan Studies course at Griffith University casually for almost 20 years. She holds a Bachelor in Sciences, Graduate diploma in Secondary Education majoring in Auslan LOTE and Science and Diploma of Interpreting qualifications.

#### **Sarahjane Thompson**

Sarahjane joined the Deaf Services Board in October 2020. Prior to that, Sarah had been on the Board of the Deaf Society since 2017. Sarah holds a Diploma of Business (Governance) from the Institute of Community Directors Australia, a Bachelor of Science (Psychology), Bachelor of Arts (Sociology) and a Cert IV Training and Assessment. Sarah currently works in the public service and her background is in the higher education sector. Her professional experience has a focus on learning and development, governance, executive support, and student services. Sarah is hard of hearing.

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## DIRECTORS' REPORT

### Meetings of Directors

During the year, 8 meetings of directors were held. Attendance by each director is as follows:

DIRECTORS	DIRECTOR'S MEETINGS	
	Number eligible to attend	Number attended
Kathryn Armfield	8	8
Michael Boneham	8	8
Len Bytheway	8	8
Ralph Collins	8	8
Doug Evans	8	7
Brian Halse	8	8
Hoai Vince Lam	8	8
Sarah Lowe	8	8
Stuart Lummis	8	8
Robin Mack	8	8
Cameron Miller	8	7
Sally Strobridge	8	8
Sarahjane Thompson	8	7

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 2022, the total amount that members of the company are liable to contribute if the company is wound up is \$1,065 (2021: \$840).

### 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:

Chairperson



Ralph Collins

Brisbane

Dated this 31st October 2022

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@uhyhnsq.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 2022, 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, 24 October 2022

## Deaf Services Limited

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### Statement of Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	4	43,495,224	42,909,335
Other income	4	1,806,239	1,042,939
Employee benefits expense	5	(24,772,873)	(20,875,688)
Depreciation and amortisation	10,11	(1,036,810)	(1,113,959)
Other interest expense		(210,238)	(219,947)
Travel and motor vehicle expenses		(747,735)	(525,850)
Occupancy expenses		(358,336)	(262,719)
Printing and postage		(349,491)	(461,524)
Insurance expense		(438,723)	(339,991)
Advertising and promotion		(1,919,870)	(1,315,003)
IT and telecommunications		(2,853,429)	(1,840,498)
Contractors		(1,104,473)	(903,134)
Professional fees		(261,642)	(330,505)
Other supplies and services		(9,619,177)	(10,065,817)
Gain/Loss on disposal of non-current assets	5	(379,554)	(8,009)
<b>Surplus for the year</b>		<b>1,249,112</b>	<b>5,689,630</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to surplus or deficit</b>			
Net fair value movements		(4,018,000)	3,052,511
<b>Total other comprehensive income for the year</b>		<b>(4,018,000)</b>	<b>3,052,511</b>
<b>Total comprehensive income for the year</b>		<b>(2,768,888)</b>	<b>8,742,141</b>

The accompanying notes form part of these financial statements.

## Deaf Services Limited

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### Statement of Financial Position As At 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	<b>3,603,462</b>	3,497,946
Trade and other receivables	8	<b>3,273,608</b>	2,856,544
Other assets	9	<b>1,067,802</b>	1,158,700
<b>TOTAL CURRENT ASSETS</b>		<b><u>7,944,872</u></b>	<u>7,513,190</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>10,152,842</b>	10,165,297
Intangible assets	11	<b>39,380</b>	537,354
Financial assets	12	<b>42,810,838</b>	45,546,639
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>53,003,060</u></b>	<u>56,249,290</u>
<b>TOTAL ASSETS</b>		<b><u>60,947,932</u></b>	<u>63,762,480</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<b>1,861,378</b>	2,149,262
Other liabilities	14	<b>4,427,945</b>	4,177,636
Lease liabilities	15	<b>732,959</b>	567,000
Employee benefits	16	<b>2,295,989</b>	2,180,430
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>9,318,271</u></b>	<u>9,074,328</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	15	<b>3,956,102</b>	4,277,823
Employee benefits	16	<b>522,957</b>	490,839
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>4,479,059</u></b>	<u>4,768,662</u>
<b>TOTAL LIABILITIES</b>		<b><u>13,797,330</u></b>	<u>13,842,990</u>
<b>NET ASSETS</b>		<b><u>47,150,602</u></b>	<u>49,919,490</u>
<b>EQUITY</b>			
Reserves	17	<b>26,847,986</b>	23,568,599
Retained earnings		<b>20,302,616</b>	26,350,891
<b>TOTAL EQUITY</b>		<b><u>47,150,602</u></b>	<u>49,919,490</u>

The accompanying notes form part of these financial statements.

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### Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Equity Contribution Reserve	Other Reserve	Total
Note	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>26,350,891</b>	<b>1,265,121</b>	<b>1,751,081</b>	<b>18,549,924</b>	<b>2,002,473</b>	<b>49,919,490</b>
Surplus for the year	1,249,112	-	-	-	-	1,249,112
Other comprehensive income for the year	-	-	(4,018,000)	-	-	(4,018,000)
<b>Total other comprehensive income for the year</b>	<b>1,249,112</b>	<b>-</b>	<b>(4,018,000)</b>	<b>-</b>	<b>-</b>	<b>(2,768,888)</b>
Transfer from financial asset revaluation reserve realised gain on financial assets sold during the year	(752,017)	-	752,017	-	-	-
<b>Balance at 30 June 2022</b>	<b>26,847,986</b>	<b>1,265,121</b>	<b>(1,514,902)</b>	<b>18,549,924</b>	<b>2,002,473</b>	<b>47,150,602</b>

The accompanying notes form part of these financial statements.

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### Statement of Changes in Equity For the Year Ended 30 June 2022

2021

	Retained Earnings	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Equity Contribution Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	20,548,398	1,265,121	(1,188,567)	-	2,002,473	22,627,425
Surplus for the year	6,043,551	-	-	-	-	6,043,551
Correction of prior year error (1)	(353,921)	-	-	-	-	(353,921)
<b>Adjusted surplus for the year</b>	5,689,630	-	-	-	-	5,689,630
Other comprehensive income for the year	-	-	3,052,511	-	-	3,052,511
<b>Total other comprehensive income for the year</b>	5,689,630	-	3,052,511	-	-	8,742,141
Transfer to financial asset revaluation reserve realised gain on financial assets sold during the year	112,863	-	(112,863)	-	-	-
Equity contribution on merger of The Deaf Society	6	-	-	18,549,924	-	18,549,924
<b>Balance at 30 June 2021</b>	<u>26,350,891</u>	<u>1,265,121</u>	<u>1,751,081</u>	<u>18,549,924</u>	<u>2,002,473</u>	<u>49,919,490</u>

(1) 30 June 2021 financial statements did not correctly account for the July 2021 distribution from investments.

The accompanying notes form part of these financial statements.

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### Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	19,411,700	16,525,995
Fundraising income	22,754,322	21,751,250
Government grants and subsidies	3,483,573	5,328,011
Payments to suppliers and employees	(43,674,734)	(37,281,867)
Donations received	310,311	410,861
Interest received	2,014	1,455
Finance cost	(210,229)	(219,947)
Net cash provided by/(used in) operating activities	<u>2,076,957</u>	<u>6,515,758</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(456,876)	(51,135)
Purchase of intangible assets	-	(167,091)
Net purchase of financial assets	(1,282,199)	(7,752,295)
Net cash provided by/(used in) investing activities	<u>(1,739,075)</u>	<u>(7,970,521)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal paid on lease liabilities	(682,366)	(513,526)
Net cash provided by/(used in) financing activities	<u>(682,366)</u>	<u>(513,526)</u>
<b>OTHER ACTIVITIES:</b>		
Cash contributed from Royal South Australian Deaf Society Deaf Can:Do (2021: The Deaf Society)	<u>450,000</u>	<u>2,279,344</u>
Net increase/(decrease) in cash and cash equivalents held	105,516	311,055
Cash and cash equivalents at beginning of year	<u>3,497,946</u>	<u>3,186,891</u>
Cash and cash equivalents at end of financial year	7 <u><u>3,603,462</u></u>	<u><u>3,497,946</u></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 2022

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 31 October 2022.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures, 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 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.

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

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

##### Revenue from contracts with customers (continued)

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 a contract liability under the heading Other Liabilities. The performance obligation to those purchasing the lottery ticket is not considered to be complete until the Art Union draw is completed.

##### 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 a contract liability, under the heading Other 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.

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

#### (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.

#### (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(g) 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 surplus or deficit 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 surplus or deficit).

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

#### (g) Financial instruments (continued)

##### Classification and measurement (continued)

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 surplus or deficit, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through surplus or deficit 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 investment 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.

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 surplus or deficit.

The Company does not hold any investments at fair value through surplus or deficit.

## Deaf Services Limited

ABN: 62 118 664 298

# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

#### (g) Financial instruments (continued)

##### 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.

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.

## Deaf Services Limited

ABN: 62 118 664 298

# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

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

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

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	2.5% 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.

## Deaf Services Limited

ABN: 62 118 664 298

# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

#### (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 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

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 surplus or deficit 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.

#### (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.

## Deaf Services Limited

ABN: 62 118 664 298

# Notes to the Financial Statements

## For the Year Ended 30 June 2022

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

#### (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.

#### (m) Comparatives

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

Where the Company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies a material item in its financial statements, a description of those changes are described in the notes to the financial statements. No retrospective restatements occurred in the current financial year.

## Deaf Services Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

### 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 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.

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. 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.

#### 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.

#### 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.

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 4 Revenue and Other income

	Note	2022 \$	2021 \$
<b>Revenue from contracts with customers (AASB 15)</b>			
- Services income		18,162,243	15,435,897
- Rental income		74,112	65,408
- Fundraising income		21,183,776	21,667,058
		<u>39,420,131</u>	<u>37,168,363</u>
<b>Revenue recognised on receipt (not enforceable or not sufficiently specific performance obligations - AASB 1058)</b>			
- Government operating grants		3,483,573	2,976,190
- Donations and bequests		310,311	410,861
- Government assistance grants	(a)	-	2,351,821
- Contributions	(b)	281,209	2,100
		<u>4,075,093</u>	<u>5,740,972</u>
<b>Total Revenue</b>		<u>43,495,224</u>	<u>42,909,335</u>
<b>Other Income</b>			
- Interest and other investment income	(c)	1,805,767	1,042,939
- Other income		472	-
		<u>1,806,239</u>	<u>1,042,939</u>

#### (a) Government assistance grants

As a result of the COVID-19 pandemic, federal government implemented the JobKeeper and Cash Flow Boost government schemes to assist businesses during this time. During the 2021 financial year the Company was entitled to and received the JobKeeper and Cash Flow Boost grants.

#### (b) Contributions

During the year, Royal South Australian Deaf Society transferred the Deaf Can: Do services to Deaf Services Limited. The transfer of assets, services and financial asset together with employee liabilities was agreed in furtherance of Deaf Services Limited's charitable purposes. The consideration to acquire the Deaf Can: Do services is less than the fair value of the net assets received. As the consideration to acquire the services is less than fair value principally to enable Deaf Services Limited to further its objectives, a contribution under AASB 1058 *Income of Not for Profit Entities* is recorded, equal to the fair value of net assets received.

Assets received	450,000
Employee liabilities assumed	(189,861)
<b>Total</b>	<u>260,139</u>

#### (c) Interest and other investment income

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

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 5 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
<b>Employee benefits expense</b>		
Wages, salaries and leave expense	22,554,265	19,117,127
Superannuation contributions	2,218,608	1,758,562
	<u>24,772,873</u>	<u>20,875,689</u>
<b>Non-current asset movement</b>		
Gain/(loss) on disposal of non-current assets	(100,352)	(8,009)
Gain/(loss) on exit from leases	44,100	-
Writeoff of non-current assets	(323,302)	-
	<u>(379,554)</u>	<u>(8,009)</u>
<b>Impairment of receivables:</b>		
- Provision for impairment	(31,955)	(90,686)

#### 6 Business Combinations

##### 2021 Financial Year

Effective from 1 October 2020, the Deaf Society merged with Deaf Services Limited. Net assets of The Deaf Society as at 1 October 2020 were transferred to Deaf Services Limited. Five Directors of The Deaf Society became Directors of Deaf Services on the merger.

This resulted in a business combination in the 2021 year under AASB 3 *Business Combinations*, with Deaf Services Limited taking over the operations previously conducted by The Deaf Society.

The Acquisition method was used to account for the business combination. All identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the date that the business combination is effected.

As there is no cost of acquisition and members of The Deaf Society transferred to Deaf Services Limited, the fair value of identifiable net assets was recognised as an equity contribution reserve.

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 6 Business Combinations (continued)

##### 2021 Financial Year (continued)

The following table shows the assets acquired and liabilities assumed at the acquisition date. There was \$NIL consideration involved for the merger.

	<b>Fair value</b>
	<b>\$</b>
<b>Assets</b>	
Cash	2,279,344
Investments	17,344,461
Fixed assets	106,328
	<u>19,730,133</u>
<b>Liabilities</b>	
Trade and other payables	(352,744)
Long service leave provision	(477,828)
Annual leave provision	(349,637)
	<u>(1,180,209)</u>
<b>Fair value of total net identifiable assets</b>	<u>18,549,924</u>
Cost of combination	<u>-</u>
<b>Equity contribution reserve arising on business combination</b>	<u>18,549,924</u>

#### 7 Cash and Cash Equivalents

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Petty cash	2,000	2,000
Cash at bank	3,357,941	3,279,500
Term Deposits	243,521	216,446
	<u>3,603,462</u>	<u>3,497,946</u>

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 8 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	1,765,154	944,862
Provision for impairment	(187,920)	(155,966)
	<u>1,577,234</u>	788,896
Net GST receivable	9,075	61,494
Other receivables	1,687,299	2,006,154
	<u>3,273,608</u>	<u>2,856,544</u>
<b>Total current trade and other receivables</b>	<b>3,273,608</b>	<b>2,856,544</b>

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

	2022	2021
	\$	\$
CURRENT		
Prepayments	339,329	417,486
Deposits	36,805	36,805
Contract asset	(a) 691,668	704,409
	<u>1,067,802</u>	<u>1,158,700</u>

##### (a) Contract asset

Contract asset 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.

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 10 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	1,335,000	1,335,000
Total Land	<u>1,335,000</u>	<u>1,335,000</u>
Buildings		
At fair value	4,021,577	3,999,705
Accumulated depreciation	(199,874)	(99,745)
Total buildings	<u>3,821,703</u>	<u>3,899,960</u>
Total land and buildings	<u>5,156,703</u>	<u>5,234,960</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	281,857	895,520
Accumulated depreciation	(172,462)	(752,267)
Total plant and equipment	<u>109,395</u>	<u>143,253</u>
Motor vehicles		
At cost	56,141	56,141
Accumulated depreciation	(48,741)	(46,531)
Total motor vehicles	<u>7,400</u>	<u>9,610</u>
Leasehold Improvements		
At cost	748,945	339,926
Accumulated depreciation	(296,053)	(242,850)
Total leasehold improvements	<u>452,892</u>	<u>97,076</u>
RIGHT OF USE ASSET		
At cost	6,037,814	5,757,473
Accumulated depreciation	(1,611,362)	(1,077,075)
Total right of use assets	<u>4,426,452</u>	<u>4,680,398</u>
<b>Total property, plant and equipment</b>	<u><b>10,152,842</b></u>	<u><b>10,165,297</b></u>

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 10 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 \$
<b>Year ended 30 June 2022</b>				
Balance at the beginning of the year	1,335,000	3,899,960	143,253	9,610
Additions	-	21,872	25,985	-
Revaluation	-	-	-	-
Disposals - written down value	-	-	(10,104)	-
Depreciation expense	-	(100,129)	(49,739)	(2,210)
<b>Balance at the end of the year</b>	<b>1,335,000</b>	<b>3,821,703</b>	<b>109,395</b>	<b>7,400</b>
		Leasehold improvement \$	Right of Use Asset \$	Total \$
<b>Year ended 30 June 2022</b>				
Balance at the beginning of the year		97,076	4,680,398	10,165,297
Additions		409,019	455,894	912,770
Revaluation		-	114,810	114,810
Disposals - written down value		-	(79,544)	(89,648)
Depreciation expense		(53,203)	(745,106)	(950,387)
<b>Balance at the end of the year</b>		<b>452,892</b>	<b>4,426,452</b>	<b>10,152,842</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*.

# Deaf Services Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2022

### 11 Intangible Assets

	2022	2021
	\$	\$
Computer Software		
At cost	68,037	1,559,561
Accumulated amortisation	(28,657)	(1,022,207)
<b>Total Intangibles</b>	<b>39,380</b>	<b>537,354</b>

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

	Computer Software	Total
	\$	\$
<b>Year ended 30 June 2021</b>		
Opening balance	537,354	414,344
Additions	-	270,218
Write downs - written down value	(323,302)	-
Disposals - written down value	(88,248)	-
Amortisation expense	(86,424)	(147,208)
<b>Closing value at 30 June 2022</b>	<b>39,380</b>	<b>537,354</b>

### 12 Financial assets

	2022	2021
	\$	\$
NON-CURRENT		
<b>Financial assets at fair value through other comprehensive income</b>		
- Equity securities	39,224,641	30,911,191
- Debt securities	3,586,197	14,635,448
	<b>42,810,838</b>	<b>45,546,639</b>

### 13 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	1,051,384	905,582
Sundry payables and accrued expenses	809,994	1,243,680
	<b>1,861,378</b>	<b>2,149,262</b>

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.

## Deaf Services Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2022

#### 13 Trade and Other Payables (continued)

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

#### 14 Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Contract liability - lottery receipts	(a) 4,120,310	2,549,764
Other contract liability	307,635	1,627,872
	<u>4,427,945</u>	<u>4,177,636</u>

##### (a) Contract liability - 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

*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.

	2022	2021
	\$	\$
<b>CURRENT</b>		
Lease liabilities	732,959	567,000
<b>NON CURRENT</b>		
Lease liabilities	3,956,102	4,277,823

##### The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Within one year	929,711	764,281
Later than one year but not later than five years	3,266,332	3,040,472
Later than five years	1,171,520	1,863,804
<b>Total</b>	<u>5,367,563</u>	<u>5,668,557</u>

## Deaf Services Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

### 15 Lease Liability (continued) 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 whether it is reasonably certain that the extension options will be exercised.

#### *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:

	2022	2021
	\$	\$
Interest expense on lease liabilities	(210,238)	(219,947)
Short term and low value leases included in occupancy expenses	(155,120)	(701,364)

### 16 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Long service leave	620,146	654,628
Annual leave	1,546,868	1,267,852
Other employee benefits	128,975	257,950
	<u>2,295,989</u>	<u>2,180,430</u>
NON-CURRENT		
Long service leave	522,957	490,839
	<u>522,957</u>	<u>490,839</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.

### 17 Reserves

#### (a) Asset revaluation reserve

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

## Deaf Services Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

### 17 Reserves (continued)

#### (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) Equity contribution reserve

The equity contribution reserve records the fair value of identifiable net assets acquired via mergers with other entities.

#### (d) Other reserves

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

### 18 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 2022 the number of members was 213 (2021: 168).

### 19 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor UHY Haines Norton, for:)		
- auditing or reviewing the financial statements	37,930	38,000
- assistance with compilation of statutory financial reports	3,700	3,700
<b>Total</b>	<b>41,630</b>	<b>41,700</b>

### 20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

## Deaf Services Limited

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# Notes to the Financial Statements

## For the Year Ended 30 June 2022

### 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:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
5 (2021: 5) Executives	<b>1,339,607</b>	787,162
13 (2021: 14) Directors	<b>223,462</b>	201,658
	<b><u>1,563,069</u></b>	<u>988,820</u>

#### (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 2022 financial year.

### 22 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.

### 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 .....  .....

Ralph Collins

Director .....  .....

Michael Boneham

Dated this ..... **31st** ..... day of **October** ..... 2022

Dated this ..... **31st** ..... day of ..... **October** ..... 2022

## 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 2022, 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 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards— AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 2022 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, 31 October 2022