

Guide Dogs Victoria

Financial Report
for the Year Ended
30 June 2018



Guide Dogs Victoria

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For the Year Ended 30 June 2018

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Guide Dogs Victoria

Directors' Report

30 June 2018

The Board of Guide Dogs Victoria (the company) is pleased to present the Director's Report for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activities of Guide Dogs Victoria in the course of the financial year were directed towards the provision of guide dogs and orientation and mobility services to children and adults in Victoria who are blind or with low vision.

OBJECTIVES AND STRATEGIES

Long Term Objective

The first choice of people with blindness and low vision in the provision of services that enable a lifetime of independence.

Strategies

To achieve this objective, the company has adopted the following strategies:

- Be the "First Choice" provider of services for people with low vision and blindness.
- Build a diverse Fundraising Portfolio along with profitable Commercial Enterprises to enable investment in research and be the "First Choice".
- Ensure brand remains strong and clearly understood as market differentiators to ensure we are the first choice for clients, referrers/partners and donors.
- Maintain a highly engaged flexible workforce committed to delivering quality services to our clients in a safe environment.
- Operate at optimal productivity levels which ensures maximum utilisation of revenue and resources.

PERFORMANCE MEASURES

Guide Dogs Victoria operations for the financial year in meeting its services to clients recorded a surplus of \$2,956,399. During 2017/18, Guide Dogs Victoria serviced 1,126 clients.

A further review of the operations of Guide Dogs Victoria during the financial year and the results of those operations is contained in the Annual Report.

SUBSEQUENT EVENTS

On Friday 14th September 2018 the Victorian State Government committed \$5 million in funding for the Guide Dogs Victoria capital appeal to redevelop the site in Kew, Victoria. This brings the total raised to \$20 million and enables the commencement of the build in the 2019 financial year.

Guide Dogs Victoria

Directors' Report

30 June 2018

DIRECTOR'S MEETINGS

The number of meetings of Directors (including Audit & Risk Management (A&RM), Membership (M'Ship), Remuneration (Rem), and Marketing & Fundraising (M&F) Committees, Nominations (Nom) Committee and Vet Practice (Vet) Committee held during the financial year, and the number of meetings attended by each Director was as follows:

	Directors Mtgs	A & RM Mtgs	Nom Mtgs	Rem Mtgs	M&F Mtgs	Vet Mtgs
Number of meetings held	7	5	1	2	-	1
Charles Thompson (Chairperson)	7	-	1	2	-	-
Iain Edwards (Vice Chairperson)	7	-	1	2	-	-
Bruce Porter (Hon. Treasurer) – Resigned 27 February 2018	3	2	1	2	-	-
David Cochrane (Chair A&RM Committee)	7	5	-	-	-	-
Jenny Gray	6	5	-	-	-	1
Graeme Houghton	5	-	-	-	-	-
Anthony Kearns	7	4	-	-	-	-
Maria Mecurio	5	-	-	-	-	1
Angela Wheelton OAM (appointed July 2018)	-	-	-	-	-	-

Committee membership

The Company had an **Audit & Risk Management Committee**. Members of the Board on the Committee during the financial year were:

- * Bruce Porter (Chair) – Resigned 27 February 2018
- * David Cochrane (Chair) – Appointed as Chair from 28 February 2018
- * Jenny Gray
- * Anthony Kearns

The Company had a **Nominations Committee**. Members of the Board on the Committee during the financial year were:

- * Charles Thompson (Chair)
- * Iain Edwards
- * Bruce Porter – Resigned 27 February 2018

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Directors' Report

30 June 2018

The Company had a **Remuneration Committee**. Members of the Board on the Committee during the financial year were:

- * Charles Thompson (Chair)
- * Iain Edwards
- * Bruce Porter – Resigned 27 February 2018
- * David Cochrane – Appointed from 28 February 2018

The Company had a **Marketing & Fundraising Committee**. Members of the Board on the Committee during the financial year were:

- * Graeme Houghton
- * Anthony Kearns
- * Maria Mecurio

In September 2017 the Company established the **Vet Practice Committee**. Members of the Board on the Committee during the financial year were:

- * Jenny Gray (Chair)
- * Maria Mecurio
- * Charles Thompson

COMPANY LIMITED BY GUARANTEE

The company limited by guarantee is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. As a Charity the company is governed by the *Australian Charities and Not-for-profits Commission Act 2012*. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding liabilities of the entity. As at 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$2,560 (2017: \$2,020).

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Directors' Report

30 June 2018

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration in accordance with section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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



Director:

Charles Thompson, Chairperson



Director:

David Cochrane, Chair, Audit and Risk Management Committee

Dated this 25th day of September 2018

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The Board of Directors
Guide Dogs Victoria
Chandler Highway
Kew, VIC, 3101

25 September 2018

Dear Board Members

Guide Dogs Victoria

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Guide Dogs Victoria.

As lead audit partner for the audit of the financial statements of Guide Dogs Victoria for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountant

Guide Dogs Victoria

Statement of Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue			
Fundraising and gift in wills	2(a)	11,929,830	10,554,791
Funding for capital purposes		3,318,996	5,467,951
Revenue from merchandise sales		1,579,285	2,115,998
Revenue from the provision of dogs and orientation mobility services	2(b)	3,303,027	2,338,079
Rental revenue		60,736	45,343
Finance and investment revenue	2(c)	225,643	452,726
Other income		94,091	6,553
Total Revenue		20,511,608	20,981,441
Expenditure			
Fundraising and gift in wills		(3,290,297)	(3,420,285)
Cost of merchandise sales		(1,841,100)	(2,429,690)
Cost of provision of dogs and mobility services	3(b)	(9,359,023)	(6,821,771)
Community information and public education	3(d)	(2,243,839)	(1,572,262)
Corporate services		(688,842)	(1,000,701)
Other expenses	3(e)	(132,108)	(65,936)
Total Expenditure		(17,555,209)	(15,310,645)
Surplus before income tax		2,956,399	5,670,796
Income tax expense		-	-
Surplus for the year		2,956,399	5,670,796
Other comprehensive income			
Net unrealised gain on re-measurement of available-for-sale financial assets		201,741	116,266
Total comprehensive income for the year		3,158,140	5,787,062

The accompanying notes form part of these financial statements.

Guide Dogs Victoria

Statement of Financial Position

30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	10,223,327	5,444,532
Trade and other receivables	5	1,227,550	3,142,133
Inventories	6	1,166,215	1,341,957
Financial assets	7	2,724,711	2,085,344
TOTAL CURRENT ASSETS		15,341,803	12,013,966
NON-CURRENT ASSETS			
Financial assets	7	938,333	975,100
Property, plant and equipment	8	8,412,377	8,752,025
Intangible assets	9	-	-
Investment property	10	1,162,215	1,050,000
TOTAL NON-CURRENT ASSETS		10,512,925	10,777,125
TOTAL ASSETS		25,854,728	22,791,091
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	693,089	925,175
Provisions	12	1,037,097	965,282
TOTAL CURRENT LIABILITIES		1,730,186	1,890,457
NON-CURRENT LIABILITIES			
Provisions	12	156,957	91,189
TOTAL NON-CURRENT LIABILITIES		156,957	91,189
TOTAL LIABILITIES		1,887,143	1,981,646
NET ASSETS		23,967,585	20,809,445
ACCUMULATED FUNDS			
Reserves	13	14,799,791	11,296,957
Retained earnings		9,167,794	9,512,488
TOTAL ACCUMULATED FUNDS		23,967,585	20,809,445

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2018

	Retained Earnings	General Reserve	Capital Reserve	Financial Asset Reserve	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2016	8,978,889	4,800,000	1,055,742	187,752	15,022,383
Surplus for the year	5,670,796	-	-	-	5,670,796
Other comprehensive income	-	-	-	116,266	116,266
Transfer to Capital Reserve	(5,137,197)	-	5,137,197	-	-
Balance at 30 June 2017	9,512,488	4,800,000	6,192,939	304,018	20,809,445

	Retained Earnings	General Reserve	Capital Reserve	Financial Asset Reserve	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2017	9,512,488	4,800,000	6,192,939	304,018	20,809,445
Surplus for the year	2,956,399	-	-	-	2,956,339
Other comprehensive income	-	-	-	201,741	201,741
Transfer to Capital Reserve	(3,301,093)	-	3,301,093	-	-
Balance at 30 June 2018	9,167,794	4,800,000	9,494,032	505,759	23,967,585

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and donors	15,897,601	14,736,571
Payments to suppliers and employees	(16,802,037)	(16,903,589)
Interest received	225,643	69,090
Special project donations	3,318,996	3,031,623
Receipt of government grants	2,862,368	1,657,248
Dividends received	125,122	211,088
Net cash inflows from operating activities	<u>5,627,693</u>	<u>2,802,031</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for available-for-sale investments	(400,859)	(107,347)
Proceeds from the sale of available-for-sale investments	-	663,110
Payment for investment property	(112,215)	-
Payment for property, plant and equipment	(335,824)	(1,439,256)
Net cash outflows in investing activities	<u>(848,898)</u>	<u>(883,494)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash outflows in financing activities	<u>-</u>	<u>-</u>
Net cash increase in cash and cash equivalents held	4,778,795	1,918,538
Cash and cash equivalents at beginning of year	5,444,532	3,525,994
Cash and cash equivalents at end of financial year	4 <u>10,223,327</u>	<u>5,444,532</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 2018

1 Summary of significant accounting policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of tiers of Australian Accounting Standards and AASB 2010 - 2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. The company is a not-for-profit company for financial reporting purposes under the Australian Accounting Standards. The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

(b) Revenue and Other Income

Revenue is recognised where it can be reliably measured in the period to which it relates.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Gift in wills are recognised as income when three conditions are met, (1) the company obtains control of the gift in will or the right to receive the gift in will; (2) it is probable that the economic benefits comprising the gift in wills will flow to the company and (3) the amount of the Gift in will can be measured reliably. Gift in wills received in the form of investments or other non-cash items are taken into account at their fair value.

Dividend revenue is recognised when the right to receive the payment is established. Interest revenue is recognised using the interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental revenue from the investment property is accounted for on a straight-line basis over the lease term.

Grant revenue is recognised when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations are recognised as revenue as received.

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

(c) Inventories

Inventory is represented by guide dogs on hand and dogs in training, and finished goods for merchandise products sold through the commercial activities of the company.

Guide dogs and dogs in training are valued at the lower of cost or current replacement cost and net realisable value in accordance with Australian Accounting Standards. The cost of guide dogs and dogs in training inventories comprises all costs directly related to the production of guide dogs with carrying values of these dogs expensed when they are issued to clients or removed from the program.

Finished goods held for resale is measured at the lower of cost or current replacement cost and net realisable value. The cost of finished goods for merchandise comprises costs of acquisition which includes the cost incurred in bringing each product to its present location.

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

(d) Taxes

Goods and Services Tax (GST)

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

- where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO); and
- receivables and payables are stated with the amount of GST included.

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 are included in the Statement of Cash Flows 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 ATO are classified as operating cash flows included in receipts from customers or payments to suppliers.

Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument.

For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through 'profit or loss' in which case transaction costs are expensed to 'profit or loss' immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices (current bid prices) in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted, including recent arm's length transactions, reference to similar instruments, and option pricing models.

(i) Amortised cost

Amortised cost is calculated as the amount at which the financial assets or liabilities were initially recognised less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial maturity amount calculated using the effective interest method.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through 'profit or loss' when they are held for trading for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in 'profit or loss'.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

(e) Financial Instruments (continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in 'profit or loss' through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in 'profit or loss' through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value with changes in such fair value (gains and losses) recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset, previously recognised in other comprehensive income, is reclassified into 'profit or loss'.

Available-for-sale financial assets are included in current assets, except for those which are expected to be disposed of 12 months after the end of the reporting period.

(vi) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in 'profit or loss'.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

(e) Financial Instruments (continued)

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in 'profit or loss'.

(f) Employee Benefits

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in 'profit or loss' as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(g) Accumulated Funds

The classification 'Accumulated Funds' has been used in the accounts of Guide Dogs Victoria as it is a company limited by guarantee and has no shareholders. It is the Directors' opinion that the use of the classification 'Shareholders Equity' would be misleading.

(h) Property, Plant and Equipment

The Kew property where Guide Dogs Victoria operates is crown land and accordingly the land value is not included in the Statement of Financial Position.

All items of buildings, plant and equipment are carried at the lower of cost, less accumulated depreciation and impairment losses.

All acquisitions of buildings, plant and equipment are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to acquisition.

Buildings, plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is controlled by Guide Dogs Victoria.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

(h) Property, Plant and Equipment (continued)

Depreciation

Building, plant and equipment is depreciated on a straight line method over the expected useful lives of the assets commencing from the time the asset is held ready for use. The following estimated useful lives are used in the calculation of depreciation.

Class of Fixed Asset	Useful Life
Buildings	10 to 50 years
Plant and Equipment	3 to 10 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

(i) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Gains and losses arising from changes in the fair value of investment properties are included in 'profit or loss' in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in 'profit or loss' in the period in which the property is derecognised.

(j) Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible assets and intangible assets with finite life to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the 'profit or loss'.

(k) Trade and Other Receivables

Trade and other receivables are financial instruments (loans and receivables) and are recognised and carried at original invoice amount less a provision for any impairment. They are not recognised at amortised cost due to their short term nature. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(l) Trade and Other Payables

Liabilities for trade creditors and other payables are financial instruments (financial liabilities) and are recognised and carried at cost which is the amount estimated to be paid at settlement.

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

(m) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, and any short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

(n) Intangible Assets

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

(o) Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Valuation of guide dogs

Dogs are valued based on the costs incurred in the breeding, puppy raising and kennels/dog training departments. The costs are allocated based on the estimated number of dogs coming through the three stages of producing a guide dog. The estimate is based on the average dogs born over the last two years as this likely represents the life cycle of the program from the time when the puppy is born, raised and has successfully become a guide dog. An obsolescence factor is also applied.

Depreciation

Useful lives and residual value of buildings, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of buildings, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation expenditure (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

(p) Financial Risk Management

The company's short term investing activities to fund operating and special purpose cash requirements are confined to cash and cash equivalent assets. The Board holds a long-term view of investing for all other activities, and hold cash equivalent assets to maturity. The Board keeps informed of market risks through monthly management reporting, and there has been no significant change in strategy used to manage financial risk from the previous period.

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) Comparative Figures

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

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Notes to the Financial Statements For the Year Ended 30 June 2018

(s) Adoption of New and Revised Accounting Standards

(i) Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2017.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the company include:

- AASB 1048 Interpretation of Standards
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for Profit Entities

(ii) New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standards/amendment	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments	1 January 2018
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2019
AASB 16 Leases	1 January 2019
AASB 1058 Income of Not-for-Profit Entities, and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019
AASB 2017-3 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016	1 January 2018
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019
AASB 9 - Financial Instruments	

AASB 9 issued in December 2009 introduced new requirements for the classification and measurement of financial assets. AASB 9 was subsequently amended in December 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition and in December 2013 to include the new requirements for general hedge accounting.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

(ii) New and revised Australian Accounting Standards in issue but not yet effective (cont'd)

Another revised version of AASB 9 was issued in December 2014 mainly to include:

(a) Impairment requirements for financial assets;

(b) Limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

AASB 9 applies to annual periods beginning on or after 1 January 2018. The Company anticipate that the application of AASB 9 in the future will not have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Company undertakes a detailed review.

The potential impact of the remaining revised Standards/Interpretations on the Company's financial statements has not yet been determined.

In addition, at the date of authorization of the financial statements the following IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

Standard/amendment	Effective for annual reporting periods beginning on or after
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	1 January 2020

Guide Dogs Victoria

Notes to the Financial Statements For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
2 Revenue			
(a) Fundraising and gift in wills			
Donations		5,892,013	5,687,211
Gift in wills		6,037,817	4,867,580
Total fundraising and gift in will revenue		11,929,830	10,554,791
(b) Revenue from provision of dogs and orientation mobility services			
Government grants for services		1,929,715	1,657,247
Provision of in-kind goods		156,548	88,684
Revenue from sale of dogs and provision of services		1,216,764	592,148
Total revenue from provision of dogs and mobility services		3,303,027	2,338,079
(c) Finance Revenue			
Bank interest		114,178	68,490
Dividend income and realised gains from investments		110,705	383,636
Other		760	600
Total finance revenue		225,643	452,726

Guide Dogs Victoria

Notes to the Financial Statements For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
3 Expenditure			
(a) Total expenditure items include			
Defined contribution plan superannuation		835,173	803,967
Employee benefits expense		8,891,839	7,706,686
Depreciation and amortisation		608,865	395,550
(b) Cost of provision of dogs and mobility services			
Cost of guide dog services		4,431,711	3,409,304
Decrease / (increase) in dog inventory valuation		163,414	(566,193)
Cost of mobility services		4,763,899	3,978,660
Total cost of the provision of dogs and mobility services		<u>9,359,023</u>	<u>6,821,771</u>
(c) Cost of fundraising and Gift in wills includes:			
Fundraising activity aimed at enhancing the associated returns in future years		<u>700,323</u>	<u>1,235,768</u>
(d) Cost of community information and public education			
Dialogue in the Dark		1,404,921	754,695
General community information and public education		838,918	817,667
Total cost of community information and public education		<u>2,243,839</u>	<u>1,572,262</u>
(e) Other expenses:			
Loss on disposal of property, plant and equipment		66,607	-
Management cost		20,616	17,695
Fringe benefit expense		36,012	36,538
Bad and doubtful debts		8,873	11,703
Total other expenses		<u>132,108</u>	<u>65,936</u>

Guide Dogs Victoria

Notes to the Financial Statements For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
4 Cash and Cash Equivalents			
Cash at Bank		10,222,727	5,443,932
Cash on Hand		600	600
Total Cash and Cash Equivalents		10,223,327	5,444,532
5 Trade and other receivables			
Trade receivables	(a)	226,905	309,657
Provision for doubtful debts	(b)	(5,219)	(3,261)
		221,686	306,396
Prepayments		44,425	11,397
Sundry receivables		856,272	2,544,546
Goods and service tax		105,167	279,794
Total trade and other receivables		1,227,550	3,142,133

(i) Included in trade receivables as at 30 June 2018 are balances owing from relating parties amounting to \$15,288 (2017: \$51,279) (see Note 20).

(a) Aged analysis

Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. A provision for doubtful debt is recognised when there is objective evidence that a trade receivable is impaired.

As at 30 June, the aged analysis of trade receivables is as follows:

0-30 days	56,266	199,387
31-60 days	35,075	98,034
61-90 days	23,756	5,356
90+ days	111,808	6,880
	226,905	309,657

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The above table details the company's trade receivables exposed to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

Guide Dogs Victoria

Notes to the Financial Statements For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
5 Trade and other receivables (continued)			
(b) Movement in the provision for doubtful debts is as follows:			
As at 1 July		3,261	5,380
Charge for the year		8,873	11,703
Written off		<u>(6,915)</u>	<u>(13,822)</u>
As at 30 June		<u><u>5,219</u></u>	<u><u>3,261</u></u>
6 Inventories			
Finished goods		105,444	117,772
Guide dogs and dogs in training		<u>1,060,771</u>	<u>1,224,185</u>
		<u><u>1,166,215</u></u>	<u><u>1,341,957</u></u>
The amount of inventory recognised as an expense during the year ended 30 June 2018 was \$1,641,531 (year ended 30 June 2017: \$1,438,447).			
7 Financial Assets			
CURRENT			
Financial assets available-for-sale		2,724,711	2,085,344
NON-CURRENT			
Financial assets available-for-sale		<u>938,333</u>	<u>975,100</u>
Total	18	<u><u>3,663,044</u></u>	<u><u>3,060,444</u></u>
8 Property, plant and equipment			
Buildings			
At cost		9,298,327	8,902,806
Less: accumulated depreciation		<u>(1,548,783)</u>	<u>(1,139,178)</u>
Total buildings	8(a)	<u><u>7,749,544</u></u>	<u><u>7,763,628</u></u>
Plant and equipment			
At cost		1,924,768	2,229,952
Less accumulated depreciation		<u>(1,261,935)</u>	<u>(1,241,555)</u>
Total plant and equipment	8(a)	<u><u>662,833</u></u>	<u><u>988,397</u></u>
Total property, plant and equipment			
At cost		11,223,095	11,132,758
Less accumulated depreciation		<u>(2,810,718)</u>	<u>(2,380,733)</u>
Total property, plant and equipment		<u><u>8,412,377</u></u>	<u><u>8,752,025</u></u>

Guide Dogs Victoria

Notes to the Financial Statements For the Year Ended 30 June 2018

8 Property, plant and equipment (continued)

(a) Movements in carrying amounts

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:

	Note	2018 \$	2017 \$
Buildings			
Carrying amount at beginning		7,763,628	6,831,675
Additions at cost		315,521	1,161,218
Recognition of make good asset		80,000	-
Disposals at net written down value		-	-
Depreciation expense		(409,605)	(229,265)
Net carrying value		7,749,544	7,763,628
Plant and equipment			
Carrying amount at beginning		988,397	876,644
Additions at cost		28,354	278,039
Disposal at net written down value		(65,425)	-
Transfer to Investment Property		(108,955)	-
Depreciation expense		(179,538)	(166,286)
Net carrying value		662,833	988,397
Total property, plant and equipment			
Carrying amount at beginning		8,752,025	7,708,319
Additions at cost		343,875	1,439,257
Recognition of make good asset		80,000	-
Disposal at net written down value		(65,425)	-
Transfer to Investment Property		(108,955)	-
Depreciation expense		(589,143)	(395,551)
Net carrying value		8,412,377	8,752,025

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
9 Intangible Assets			
Computer software - at cost		58,687	58,687
Accumulated amortisation		(58,687)	(58,687)
Total Intangible Assets		<u>-</u>	<u>-</u>
10 Investment Property			
Investment property		<u>1,162,215</u>	<u>1,050,000</u>

(a) Movements in carrying amounts

Reconciliation of the carrying values of the investment property between the beginning and end of the current financial year:

Investment property			
Carrying amount at beginning		1,050,000	-
Increase/(decrease) in fair value		-	-
Disposal		-	-
Additions		112,215	1,050,000
Net carrying value		<u>1,162,215</u>	<u>1,050,000</u>

Investment property at 30 June 2018 comprises of a residential property that was gifted to Guide Dogs Victoria during the year that is to be leased to a third party and has a no sale obligation for five years. Rental revenue from investment property during the year amounted to \$19,280. The fair value of the property is based on an independent valuation on 15 February 2017.

11 Trade and other payables

Trade payables	(i),(iii)	393,338	309,899
Other payables	(ii)	210,146	529,839
Superannuation payable		89,605	85,437
Total trade and other payables	18	<u>693,089</u>	<u>925,175</u>

(i) Trade payables are non-interest bearing and are generally settled on 30 to 60 day terms.

(ii) Other payables are non-interest bearing and are generally on 30 to 90 day terms.

(iii) For terms and conditions relating to related party payables refer to Note 20.

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

12 Provisions

	2018	2017
	\$	\$
Current		
Employee benefits - Long service leave	470,912	453,021
Employee benefits – Annual leave	566,185	512,261
Total current provisions	<u>1,037,097</u>	<u>965,282</u>
Non-Current		
Employee benefits - Long service leave	56,957	91,189
Make good provision	100,000	-
Total non-current provisions	<u>156,957</u>	<u>91,189</u>
Total Provisions	<u>1,194,054</u>	<u>1,056,471</u>

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(f) to these financial statements.

13 Reserves

(a) General Reserve

This reserve equates to the level of funds required at balance date to meet the company's current obligations, operating commitments and special purpose funds' obligations, and includes a prudential margin for unforeseen events.

(b) Financial Asset Reserve

The financial asset reserve records fair value increments and decrements (that do not represent impairment write-downs) in measuring financial assets that are classified as available-for-sale.

(c) Capital Reserve

This reserve equates to the level of funds required at balance date to meet the company's special purpose fund obligations in relating to the capital appeal fundraising of the Kew site redevelopment.

14 Liability of Members

Guide Dogs Victoria is a company limited by guarantee and in accordance with the Memorandum of Association the liability of members in the event the company being wound up would not exceed \$20 per member. As at 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$2,560 (2017: \$2,020).

15 Remuneration of Directors

Directors are not eligible and have not been remunerated for their services (2017: Nil).

Guide Dogs Victoria

Notes to the Financial Statements For the Year Ended 30 June 2018

16 Remuneration of Auditors

	2018	2017
	\$	\$
Amount received or due and receivable by the auditors for:		
- Audit services	<u>39,000</u>	<u>47,362</u>

17 Commitments

Motor vehicles and office equipment operating leases	874,700	1,423,880
Property lease	<u>66,500</u>	<u>73,686</u>
Total lease commitments	<u>941,200</u>	<u>1,497,567</u>

Total lease commitments are payable as follows:

- not later than one year	583,677	944,823
- later than one year and not later than two years	247,180	316,447
- later than two years and not later than five years	<u>110,342</u>	<u>236,296</u>
	<u>941,200</u>	<u>1,497,567</u>

(i) Guide Dogs Victoria has entered into commercial operating leases for its fleet of motor vehicles and rental agreements for its office equipment. Contracts for motor vehicles have an average life of between 4 to 5 years. These are non-cancellable operating leases contracted for and accordingly are not recognised in the financial statements.

(ii) Guide Dogs Victoria has entered into a rental agreement for a regional office. The related commitment includes an amount of \$8,612 (2017: \$26,444) that will be recouped under a sub lease.

18 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, investments in government and fixed interest securities, investments in listed shares, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents	4	10,223,327	5,444,532
Trade and other receivables*	5	1,183,125	3,130,736
Available-for-sale financial assets	7	<u>3,663,044</u>	<u>3,060,444</u>
Total financial assets		<u>15,069,456</u>	<u>11,635,712</u>
Financial Liabilities at amortised cost			
Trade and other payables**	11	<u>693,089</u>	<u>925,175</u>
Total financial liabilities		<u>693,089</u>	<u>925,175</u>

*excludes prepayments

**excludes deferred revenue

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

18 Financial Risk Management (continued)

The Board is responsible for monitoring and managing the company's compliance with its risk management strategy. The risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies and strategies are approved by the Board and reviewed on a regular basis by the Audit & Risk Management Committee. These include credit risk policies and future cash flow requirements.

The financial assets above include the amount of unspent funds relating to the capital appeal as described in the Capital Reserve. The Capital Reserve amount also includes the investment property as described in note 10.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- * quoted prices in active markets for identical assets or liabilities (Level 1);
- * inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- * inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Level 1	Total
	\$	\$
Recurring fair value measurements		
2018		
Financial Assets		
Available-for-sale financial assets		
- shares in listed investments	2,724,711	2,724,711
- government and fixed interest securities	938,333	938,333
	<u>3,663,044</u>	<u>3,663,044</u>
2017		
Financial Assets		
Available-for-sale financial assets		
- shares in listed investments	2,085,344	2,085,344
- government and fixed interest securities	975,100	975,100
	<u>3,060,444</u>	<u>3,060,444</u>

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, is considered key management personnel.

	2018	2017
	\$	\$
Key Management Personnel	<u>517,688</u>	<u>452,868</u>

20 Related Parties

The Directors of Guide Dogs Victoria who were in office during the whole financial year unless otherwise stated are:

C Thompson	
B Porter	Resigned 27 February 2018
I Edwards	
D Cochrane	
J Gray	
G Houghton	
A Kearns	
M Mecurio	
A Wheelton	Appointed 24 July 2018

Directors received no remuneration for their services.

There were no transactions with Directors or their associated entities during the year which require separate disclosure.

Guide Dogs Victoria is a State Member Association of Royal Guide Dogs Australia.

The following table provides the total amount of transactions that were entered into with related parties other than Directors during the financial year.

Related Party	Sales to		Purchases from		Other transactions from		Owing to		Owing By	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Guide Dogs Queensland	47,486	65,164	-	-	38,277	44,849	-	40	3,793	-
Guide Dogs NSW/ACT	364	8,545	-	-	5,034	6,536	-	-	364	-
Guide Dogs SA/NT	-	22,769	-	16,364	1,683	11,432	-	-	364	22,059
Royal Guide Dogs Association of Tasmania	-	1,403	-	-	-	-	-	-	-	1,403
Association for the Blind of WA Inc	48,001	14,052	-	-	-	-	-	-	364	-
Guide Dogs Australia	163,537	152,524	-	-	-	-	-	-	10,343	27,817
Total	259,388	264,456	-	16,364	44,994	62,817	-	40	15,228	51,279

Terms and conditions of transactions with related parties are detailed below:

Guide Dogs Victoria

Notes to the Financial Statements

For the Year Ended 30 June 2018

20 Related Parties (continued)

Transactions between the organisation and its fellow state Member Associations are made at arm's length. Such transactions are both at market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest-free and settlement at between 14 and 60 days.

21 Company Details

The registered office of the company is:

Guide Dogs Victoria
Chandler Highway, Kew, Vic 3101

Guide Dogs Victoria

Directors' Declaration

30 June 2018

The directors of Guide Dogs Victoria (a company limited by guarantee) declare that:

1. The financial statements and notes, as set out on pages 6 to 28, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director:

Charles Thompson, Chairperson



Director:

David Cochrane, Chair, Audit and Risk Management Committee

Dated this 25th day of September 2018

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Independent Auditor's Report to the Members of Guide Dogs Victoria

Opinion

We have audited the accompanying financial report of Guide Dogs Victoria (the "entity"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Guide Dogs Victoria is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 (the ACNC Act)*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Regime 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 Accounting Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 annual report, 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 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, 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.

The directors Responsibilities for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with the ACNC Act and Australian Accounting Standards – Reduced Disclosure Regime and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the entity'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 entity 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 the 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 this 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 Entity'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 entity'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 entity 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.

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountant
Melbourne, 25 September 2018

Guide Dogs Victoria

Performance Statement
for the Year Ended
30 June 2018



Guide Dogs Victoria

Performance Statement 30 June 2018

KPI	Actual	Target	Variance %	Note	2016/17 Full year Actual	Variance from Prior year
Service						
Training & Support Programs Delivered	2,602	2,200	18%	1	2,891	(10)%
Clients assisted	1,166	1,500	(22)%	2	1,866	(38)%
Allocation of fully trained Guide Dogs and Pets as Therapy Dogs	64	77	(17)%	3	45	42%
Number of guide dog users	220	220	0%		214	3%
People						
Employee engagement	91%	> 90%	1%		89%	2%
Volunteer engagement	95%	> 90%	5%		95%	0%
Lost Time Injury Frequency rate	0	5	100%	4	0	0%
Finance						
Operating Result	2,956,399	4,009,309	(26)%	5	5,670,796	(48)%
Operating Result Prior to Capital Purpose Income	(362,597)	(331,191)	(9)%		202,845	(279)%
Working Capital Position	13,611,617	10,726,616	27%	6	10,123,509	34%
Environment						
Water consumption (Volume purchased kl)	4,149	N/a	Nil		3,787	10%
Waste water spills	-	-	N/a		-	0%

Guide Dogs Victoria elected in 2015 to include an audited Performance Statement with the annual audited Financial Statement. The Performance Statement includes the results of the internally prescribed service, people, financial and environmental performance indicators and measures and an explanation of material variations in the results.

Where applicable, the results in the audited Performance Statement have been prepared on the accounting basis consistent with those reported in the Financial Statements. The other results are based on information drawn from Guide Dogs Victoria information.

The Performance Statement presents the actual results for the current year and prior year and the current year targets set by Guide Dogs Victoria's strategic plan.

Detailed information on the actual financial results is contained in the General Purpose Financial Statements.

1. Training & Support Programs Delivered has decreased from prior year as predicted. Previously an assessment program that progressed to a training program, was counted as two programs. In the current year, this same scenario is counted as one program. Previously group programs were counted

Guide Dogs Victoria

Performance Statement

30 June 2018

for each individual participating, in the current year the group program is only counted as one program with many participants. The increase on budget is due to additional programs run from what was anticipated.

2. Clients assisted has decreased from target and prior year. As with the Training & Support Program Delivered there has been a change to accounting policy for these clients. Previously, if an individual would attend a group program and have an individual plan they would be counted as two clients, the new policy now only counts this person once, therefore a decrease is in line with expectations.

3. The number of fully trained Guide Dogs and Pets as Therapy dogs has improved since the previous year but has not reached the ambitious target. The target was not met as Guide Dogs Victoria increased the number of dogs retained for breeding in the prior year, creating a lag of dog numbers in 2018.

4. Lost time injuries maintained at zero for the 2018 financial year. This means Guide Dogs Victoria continue to have nil lost time incidents for every 1 million employee hours.

5. The variance between budget and actual in regard to the operating result, is mainly due to the delayed timing in receipts from the capital appeal campaign. To date \$15m has been pledged to the campaign so the capital appeal program is largely on track. The variance between the 2017 and 2018 actual is largely due to the \$2.2m reduction in capital appeal revenue from 2017.

6. The favourable variance between budget and actual working capital position is due to a higher opening balance in cash than the 2018 budget anticipated due to a strong June 2018 gift in bill performance. The variance from prior year to current year is due to the positive operating result in 2018.

Directors' Declaration

30 June 2018

The Directors of Guide Dogs Victoria (a company limited by guarantee) declare that in our opinion the accompanying Performance Statement of Guide Dogs Victoria in respect of the financial year ended 30 June 2018, is presented fairly.

The Performance Statement comprises the performance indicators determined by the Board. We have reported our actual and comparative results achieved for the financial year against predetermined performance targets and these indicators. We have reported an explanation of any significant variance between the actual results and the performance targets and/or between the actual results in the current year and the previous year.

At the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Statement to be misleading or inaccurate.

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



Director:

Charles Thompson, Chairperson



Director:

David Cochrane, Chair, Audit and Risk Management Committee

Dated this 25th day of September 2018

Independent Assurance Practitioner's Reasonable Assurance Report on the Performance Statement to the Members

We have undertaken a reasonable assurance engagement relating to the accompanying Performance Statement of Guide Dogs Victoria for the year ended 30 June 2018.

Management's Responsibility for the Performance Statement

Management are responsible for:

- ensuring that the Performance statement is presented in accordance with the accruals basis of accounting and the explanatory notes;
- confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information;
- designing, establishing and maintaining internal controls to ensure that the Performance Statement is presented in accordance with the accruals basis of accounting and the explanatory notes.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express an opinion on the Performance Statement based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Australian Auditing and Assurance Standards Board in order to express an opinion whether the Performance Statement has been presented, in all material respects, in accordance with the accruals basis of accounting and the explanatory notes. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Performance Statement is free from material misstatement. Our engagement provides reasonable assurance as defined in ASAE 3000.

A reasonable assurance engagement in accordance with ASAE 3000 involves performing procedures to obtain evidence about the measurement of the underlying Key Performance Indicator. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material misstatement in the Performance Statement. In making those risk assessments, we considered internal control over the preparation of the Performance Statement relevant to the engagement.

Our reasonable assurance engagement also included, but was not limited to:

- obtaining an understanding of the internal controls relevant to the Performance Statement;
- agreement of target key performance indicators ("KPIs") to underlying support; and
- tracing KPIs to underlying supporting listings and/or other information and performing sample testing on such listings.

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

Limitations of use

This report is made solely to members, for the purpose of providing reasonable assurance to members on the Performance Statement. We disclaim any assumption of responsibility for any reliance on this report to any person other than the members or for any purpose other than that for which it was prepared.

Conclusion

In our opinion, the Performance Statement of Guide Dogs Victoria has been presented, in all material respects, with the accruals basis of accounting and the explanatory notes for the year ended 30 June 2018.

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountants
Melbourne, 25 September 2018

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