

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## FINANCIAL REPORT

FOR YEAR ENDED 30 JUNE 2012

### Index

	Page
DIRECTORS' REPORT .....	1
AUDITOR'S INDEPENDENCE DECLARATION .....	9
STATEMENT OF COMPREHENSIVE INCOME.....	10
STATEMENT OF FINANCIAL POSITION .....	11
STATEMENT OF CHANGES IN EQUITY .....	12
STATEMENT OF CASH FLOWS .....	12
NOTES TO THE FINANCIAL STATEMENTS .....	13
DIRECTORS' DECLARATION.....	19
INDEPENDENT AUDIT REPORT .....	20



**Auditor:**

Jason O'Connor B.Com CPA  
Registered Company Auditor (No. 353931)  
[www.joconnorptyltd.com.au](http://www.joconnorptyltd.com.au)

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2012.

### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Laxon	Cameron MacMillan
Dimity Dornan AM	Tracey Moore (resigned May 2012)
Jane Black	Margaret Steinberg AM
Bruce Black	Daniel Weule
Maree Blake	Alan Whidburn (resigned February 2012)
Melanie Alpar (commenced July 2012)	

### Objectives

The Hear and Say short term objective is to establish a sustainable organisational / clinical delivery model to providing the best option for a Queensland child who is deaf to achieve their full potential in a hearing world. This objective is achieved through reaching as many children as possible, delivering the best services within resources and achieving world class outcomes.

The Hear and Say long term objective is to be the leader in the provision of access to listening and speaking for children with hearing loss and their families worldwide.

### Strategy for achieving the objectives

Hear and Say has worked primarily towards five key strategic imperatives for the FY 2011/2012. The objectives of these strategic imperatives are described in more detail below however include:

- Hear and Say Worldwide
- National accreditation and partnerships program
- Research strategy
- Develop Core Organisational Capabilities
- Lobbying strategy, leveraging First Voice

These strategic activities go part way to ensuring long term organisational sustainability for Hear and Say and also focus on maintaining quality clinical outcomes for our children with hearing loss and their families. This past year has seen the team grow the domestic and international reputation of the organisation and address the global shortfall in trained professionals. In essence, Hear and Say is working to educate, advocate and empower professionals, parents and the community in relation to children with hearing loss – asking all involved to expect more and to raise the benchmark.

*Hear and Say Worldwide.* In order to:

- Deliver Auditory-Verbal (A-V) practices to children who are deaf around the globe in order to give listening and speaking to as many children who are deaf as possible
- Access international funding pools (aid, commercial, philanthropic) in order to increase funding available to Hear and Say for all children but specifically QLD children who are deaf
- Increase profile of Auditory-Verbal therapy and Hear and Say in order to develop brand awareness and pipeline of training opportunities / funds

*National accreditation and partnerships program.* In order to:

- Ensure standardised delivery of therapy / educational services to Australian children who are deaf in order to establish a benchmark of service delivery for therapy / educational services for children who are deaf in Australia

*Research strategy.* In order to:

- Conduct research in hearing loss and associated fields in order to validate and advance the delivery and success of listening and spoken language programs for children who are deaf

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

- Attract research funding to Hear and Say in order to support further research, professional training and clinical program delivery

*Develop Core Organisational Capabilities.* In order to:

- Define, develop and consolidate Hear and Say core service offerings in order to maximise outcomes for all Hear and Say stakeholders – more places for children!
- Identify and attain quality resources in order to ensure world's best, evidence based outcomes for children who are deaf that have been enabled by all Hear and Say departments

*Lobbying strategy, leveraging First Voice.* In order to:

- Establish National lobby group in order to attract federal policy and funding and wider community support for Auditory-Verbal approach to education of children who are deaf

## **Principal activities**

During the year the principal continuing activities of the company were to act as a charitable body providing children who are deaf or hearing impaired with access to listening and spoken language and supporting their families in this journey.

The fundraising activities of the company have been critical in bridging the gap between government funding and other income sources.

## **Performance measures**

The company measures its performance in a number of key areas including the number of children who are deaf or hearing impaired having the opportunity to listen and speak and the amount of funds raised. The key performance measures are maintained in a Balanced Scorecard format responding to the following key areas and the accompanying strategic questions:

**CHILDREN & FAMILIES:** These are our customers. We need to know that we are getting them, they are happy with the service, they are being retained and that we are delivering a quality sustainable service whilst retaining a family focus.

**PARTNERS:** Are we delivering on our promise? Do our partners and supports feel that they are getting value for money? Are we getting maximum outcome/value out of our partner?

**OUR PEOPLE:** Are our staff valued, happy and being utilised to their capacity? Are we efficiently and effectively using the resources we have available? Are we skilling our staff?

**INFRASTRUCTURE:** Do we have sufficient Core Organisational capabilities? Are we delivering on our organisational commitments?

**FINANCE:** Are we financially secure? Can we fulfil our financial obligations to our staff or other stakeholders? Are we meeting projected funding needs for future sustainability?

**MARKETING:** Is our WorldWide program reaching the appropriate number of professionals? Are we generating funding as a result of Hear and Say WorldWide? Are we effectively leveraging national lobbying opportunities? Building our brand and reputation.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## Information on directors

**Name:** Paul Laxon  
**Title:** Non-Executive Chairman  
**Qualifications:** B Comm; Fellow TIA; Associate Member ICAA  
**Experience and expertise:** Paul is a Partner with Ernst and Young and leads their Queensland tax practice. Paul has in excess of 25 years experience in advising clients in relation to taxation matters and specifically in relation to mergers and acquisitions. Paul is a member of Ernst and Young's Oceania Advisory Council, and Asia Pacific Advisory Council (i.e the Board of Partners in Asia Pacific). Paul joined the Board of Hear and Say in 1999 and was elected Chairman in 2010.  
**Special responsibilities:** Chairman of the Board, member of Succession Subcommittee, member of Finance Subcommittee, and member of Building Subcommittee.

**Name:** Dr Dimity Dornan AM  
**Title:** Managing Director and Founder  
**Qualifications:** PhD UQ, HonDUniv USQ, BSpThy, FSPAA, CpSp, LSLS Cert AVT  
**Experience and expertise:** After working for many years as a speech pathologist, Dimity Dornan earned a Churchill Fellowship in 1991 to study Auditory-Verbal Therapy with Judy Simser at Children's Hospital of Eastern Ontario and Warren Estabrooks at North York General Hospital, Toronto. In 1992 she founded the Hear and Say Centre. For her work with children with hearing loss and their families, Dimity has been honoured as a Member of the Order of Australian (1998) and as a Fellow of Speech Pathology Australia (1999). She has earned the Australian Medical Association Award of Distinction for Services to Medicine (1999), and in 2001 she received the Auditory-Verbal International President's Award for Outstanding Services and Dedication. In the same year, she was chosen as the Zonta Woman of Achievement. In 2002 Dimity was awarded the Australian of the Year, Queensland award and this was followed in 2005 by the presentation of the Australian Social Entrepreneur of the Year. Her recent recognition includes Suncorp Queenslander of the Year 2010-2011, Alumnus of the Year University of Queensland 2011, Honorary Doctorate (Honoris Causa) University of Southern Queensland, 2011, Telstra Queensland Business Woman of the Year 2011 and the White Pages Community and Government award 2011. Dimity is currently the Chair of First Voice the Australian peak body of service providers promoting listening and spoken language. Dimity joined the Board of Hear and Say in 2006.  
**Special responsibilities:** Managing Director, member of Succession Subcommittee, member of New Technology and Direction Subcommittee, and member of Building Subcommittee.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

**Name:** Jane Black  
**Title:** Non-Executive Director  
**Qualifications:** B.S.W. (Hons); Dip. Rad.  
**Experience and expertise:** Jane Black is a clinical specialist social worker with extensive experience in the area of paediatric deafness, parent support and parental relationships and currently consults for the Hear and Say Centre where she works in this capacity. After an experience of twenty years supervision of a specialist otological surgical practice where she was instrumental in developing a paediatric and adult cochlear implant program and was a study coordinator for a Pfizer Ltd pharmaceutical trial, she graduated from the University of Queensland, where she received a number of Dean's commendations, with first class honors. She is currently undertaking doctoral studies at the School of Health and Rehabilitation Sciences at the University of Queensland examining "Prognostic Factors in Paediatric Cochlear Implantation" drawing on a strong background in disability in children and a dedicated commitment to these children and their families. Jane also has broad leadership and governance experience and expertise, having been Chairman of the Board of Directors of the Hear and Say Centre from 1996-2008. She remains as Deputy Chairman. She is the Chairman of the Medical and Education Committee for Hear and Say (the ethics committee for the research arm of the organisation). Jane is also surgical coordinator for both the Queensland Cochlear Implant Program and the Hear and Say Paediatric Cochlear Implant Program. She was a Director of Attune Hearing, a leading Queensland medical audiology company with national presence from 2006-2008 and has acted in many capacities in both for-profit and not-for profit organisations.

**Special responsibilities:** Deputy Chairman of the Board, Chairman of Medical and Education Subcommittee, Member of the Parent Advisory Subcommittee, Member of the Compliance and Risk Management Subcommittee and Member of the Finance Subcommittee.

**Name:** Dr Bruce Black  
**Title:** Non-Executive Director  
**Qualifications:** MD; FRACS; FRCS (Ed); FRCS  
**Experience and expertise:** Professor Bruce Black graduated from the University of Queensland and completed specialty training in Otolaryngology in Oxford, Edinburgh and London, and is now a specialist ear surgeon in private practice on Wickham Terrace. He is the senior surgeon and Chairman, Department of Otolaryngology, Royal Children's Hospital, and the founding surgeon of the cochlear implant programs of the Royal Children's Hospital, Hear and Say, and Attune Ltd. He has been a pioneering surgeon in keyhole cochlear implant surgery, middle ear reconstruction and the treatment of cholesteatoma, and has been a consultant to Olympus Ltd in middle ear prosthetic design for many years. He is the author of "An Introduction to Ear Disease", has published over 100 ear disease articles and is on the review boards of several academic journals. He is a longstanding member of the Politzer Society and has delivered more than 50 formal presentations in the major international Otology academic meetings. His major current clinical interests are in electronic middle and inner ear implantable hearing devices. Professor Black is the remaining founding director of Hear and Say and is the Centre's Surgical Director. Bruce joined the Board of Hear and Say in 1993.

**Special responsibilities:** Member of New Technology and Direction Subcommittee.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

Name: Maree Blake  
Title: Non-Executive Director  
Qualifications: B.Bus; Grad Cert Management, GAICD, FCPA, FCIS  
Experience and expertise: Maree has held senior executive positions in the private and public sectors and has strong governance, strategy and risk management, and business management experience with a diverse range of organisations. Formerly Queensland Regional Commissioner with Australian Securities and Investments Commission, she also has corporate regulatory experience across a range of financial and market sectors.  
Maree's directorships are within the not for profit sector and she also holds roles as independent audit committee member of Toowoomba Regional Council and independent national governance committee member for RSPCA Australia. Maree is currently Deputy Chair of the Queensland Council for Chartered Secretaries Australia and conducts in-house training sessions for corporate boards and conference presentations on governance and risk in the not for profit sector. Maree joined the Hear and Say Board in 2011.  
Special responsibilities: Member of the Finance Subcommittee and member of Compliance and Risk Management Subcommittee.

Name: Cameron MacMillan  
Title: Non-Executive Director  
Qualifications: MBA (Uni of Qld); B. Bus.; GAICD  
Experience and expertise: Cameron is currently a senior executive with BDO with particular responsibility for international trade. For 15 years to 2009, he was a senior executive in Austrade with the last 5 as State Manager Queensland. Cameron brings a wealth of experience in high level government and commercial representation to Hear and Say together with experience in building, managing and leveraging such business, industry and government networks. Cameron joined the Board in 2009.  
Special responsibilities: Member of the Finance Subcommittee.

Name: Tracey Moore (resigned May 2012)  
Title: Non-Executive Director  
Qualifications: B.A.; LLB (Hons); M.A. (1st Hons)  
Experience and expertise: Tracey is General Counsel for Urban Utilities. Prior to this position, she was a Partner of McCullough Robertson, Lawyers and has extensive experience in the provision of legal advice on a range of both public and private sector issues. Prior to joining McCullough Robertson, Tracey spent several years in Canberra providing legal services to a range of Commonwealth departments and statutory authorities.  
Tracey has a particular interest in the 'not for profit' sector and during her legal career has provided legal assistance to a range of not for profit organizations, particularly in the health and community housing sectors. Tracey joined the Hear and Say Board in 2008.  
Special responsibilities: Member of Compliance and Risk Management Subcommittee.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

**Name:** Dr Margaret Steinberg AM  
**Title:** Non-Executive Director  
**Qualifications:** PhD (Child Health & Ed); M.Phty; B. Phty (Hons); Dip.Phty  
**Experience and expertise:** Dr Margaret Steinberg AM has been a Commissioner of the Crime and Misconduct Commission (CMC), Commissioner of the Criminal Justice Commission (CJC) and a Police Services Review Commissioner in Queensland. She Chaired the Audit Committees and Governance areas of both the CMC and CJC and took a steering role in research and prevention activities. She was formerly Assistant Commissioner (Consumer) of the Health Quality and Complaints Commission and Chair of its Consumer Advisory Council; Deputy-President of the Guardianship and Administration Tribunal and establishment Director of the Healthy Ageing Unit, School of Population Health, University of Queensland. She holds a PhD in both Health and Education; her thesis being a 7 year longitudinal study of children with learning and behavioural problems. Dr Steinberg has undertaken innovative, often pioneering, work on complex, contemporary matters at the intersection of health, education, social policy and services, such as discrimination, decision-making integrity and incapacity, governance, HIV/AIDS, telecommunications, population ageing and work; at international and national levels, as a clinician, academic, public servant and community advocate. She is currently Governor or Director of significant Boards and Councils with a social justice mandate, and has been made a Member of the Order of Australia for this work which currently includes: Governor, Queensland Community Foundation; Director, Australasian Centre for Rural and Remote Mental Health, and of Open Minds; and Member, Metro North Health and Hospitals Board. Margaret joined the Hear and Say Board in 2006.

**Special responsibilities:** Member of Succession Subcommittee and member of New Technology and Direction Subcommittee.

**Name:** Daniel Weule  
**Title:** Non-Executive Director  
**Qualifications:** BTch (Hons) MBA  
**Experience and expertise:** Daniel is the founder and Managing Director of 5D Consulting. 5D specialises in supporting business leaders in organisations to develop and implement strategy that produces sustainable results.

Daniel has worked across multiple industries with clients including Rio Tinto Coal, Hamersley Iron, Ernst & Young, Mirvac, Nissen Motor Company, Telstra, Suncorp, BOQ, Sedgman, ING, Tennis Queensland, Western Health, QIC, QSuper, Minol Australia, Cardno, Airservices Australia, Hear and Say Centre, Education Queensland, Queensland treasury, Isaac Regional Council and Queensland Health.

Daniel is an experienced management consultant and master facilitator. Daniel works in a wide range of contexts, leading strategy development with the Boards and CEOs of public companies or senior Executives, to team and leadership development of mid level management, to the design and facilitation of large customised conferences for departments or divisions. Daniel joined the Hear and Say Board in 2010.

**Special responsibilities:** Member of Succession Subcommittee and member of New Technology and Direction Subcommittee.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

Name: Alan Whidburn (resigned February 2012)  
Title: Non-Executive Director  
Qualifications: DipMgt  
Experience and expertise: Following an earlier career as a senior executive with Energex including Business Quality Manager, Alan has been self employed as a consultant practicing mainly in the area of strategic planning and organizational development. He has served a three year term with Standards Australia as chair of the Management and Business Sector Board that has the responsibility for the guidance and development of Australian Standards and is a Councilor of Standards Australia. Alan brings his experience in strategic development, governance and compliance to Hear and Say and joined the Board in 1997.  
Special responsibilities: Member of the Compliance and Risk Management Subcommittee.

Name: Melanie Alpar (commenced July 2012)  
Title: Non-Executive Director  
Qualifications: BBus (Marketing)  
Experience and expertise: Melanie has extensive experience in sales and marketing within the financial services sector including the successful management of sales teams. She has worked within the financial services industry for 18 years for large corporations with both global and local exposure. These companies have included HSBC Asset Management, Prudential, Zurich Australia, AXA Australia, Aviva Australia and ING Australia.  
Melanie joined MLC as a Business Development Manager in Investment Management and Wrap in January 2011 after moving to QLD from Victoria in December 2010.

## Meetings of directors

The number of meetings of the company's Board of Directors and each board member held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Paul Laxon	6	7
Dimity Dornan AM	5	7
Jane Black	7	7
Bruce Black	7	7
Maree Blake	7	7
Cameron MacMillan	5	7
Tracey Moore	2	6 [resigned May 2012]
Margaret Steinberg AM	6	7
Daniel Weule	1	7 [Note: Leave of absence]
Alan Whidburn	3	4 [resigned February 2012]
Melanie Alpar	0	0 [commenced July 2012]

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The total amount that members of the company are liable to contribute if the company is wound up is \$124, based on 62 current ordinary members.



# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## **Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors, pursuant to section 298(2)9a) of the Corporations Act 2001.

On behalf of the directors



\_\_\_\_\_  
Paul Laxon  
Chairman


*Dated this 12th day of October 2012*

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

### TO THE DIRECTORS OF THE HEAR AND SAY CENTRE FOR DEAF CHILDREN

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Jason O'Connor B.Com CPA  
Registered Company Auditor (No. 353931)

Liability limited by a scheme approved under Professional Standards Legislation

Dated this *16<sup>th</sup>* day of *October* 2012.

Jason O'Connor B.Com CPA

P.O. Box 5480  
BRENDALE DC QLD 4500

Telephone: (07) 3040 5320  
Mobile: 0402 32 7773

auditor@joconnorptyltd.com.au  
www.joconnorptyltd.com.au

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>INCOME</b>			
Clinic income		652,534	487,535
Donations		404,093	306,887
Fundraising event revenue		629,111	565,811
Fundraising general		615,116	644,718
Appeals		181,878	85,896
Interest revenue		37,149	37,887
Grants - trusts and foundations		685,373	511,226
Grants - operating government		1,264,806	1,244,010
Grants - non operating Queensland Health		1,884,010	-
Other income		194,509	29,816
<b>Total Income</b>		<b>6,548,579</b>	<b>3,913,786</b>
<b>EXPENDITURE</b>			
Bad and doubtful debts		68,927	34,528
Cleaning		21,150	22,673
Clinical services		26,231	21,615
Consultant fees		95,388	191,311
Depreciation and impairment charges		396,089	305,716
Diminution in shares		18,573	-
Dues and subscriptions		44,385	8,322
Employee benefits expense		2,768,378	2,445,476
Fundraising expense		478,828	326,236
Insurance		59,945	62,356
Legal and accounting fees		1,800	38,757
Occupancy costs		234,941	133,808
Other expenses		62,151	52,601
Postage, printing and stationery		113,915	78,490
Repairs and maintenance		133,008	104,900
Telephone		42,299	33,895
Travel		84,346	88,150
<b>Total Expenditure</b>		<b>4,650,354</b>	<b>3,948,834</b>
<b>Surplus / (Deficit) before income tax expense</b>		<b>1,898,225</b>	<b>(35,048)</b>
Income tax expense	1	-	-
<b>Surplus / (Deficit) after income tax expense for the year attributable to the members</b>		<b>1,898,225</b>	<b>(35,048)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members.</b>		<b>1,898,225</b>	<b>(35,048)</b>

The accompanying notes form part of these financial statements.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,527,055	1,147,165
Trade and other receivables	5	348,722	211,935
Prepayments		32,796	33,432
<b>Total Current Assets</b>		<b>1,908,573</b>	<b>1,392,532</b>
<b>NON CURRENT ASSETS</b>			
Available for sale financial assets		15,411	35,984
Queensland Community Foundation		10,000	10,000
Property, plant and equipment	6	5,756,344	4,205,183
<b>Total Non Current Assets</b>		<b>5,781,755</b>	<b>4,251,167</b>
<b>TOTAL ASSETS</b>		<b>7,690,328</b>	<b>5,643,699</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		386,154	224,510
Provision for employee benefits		163,546	224,076
Committed funds		115,990	180,000
Other liabilities		229,712	131,601
<b>Total Current Liabilities</b>		<b>895,402</b>	<b>760,187</b>
<b>NON CURRENT LIABILITIES</b>			
Provision for employee benefits		98,052	81,693
<b>Total Non Current Liabilities</b>		<b>98,052</b>	<b>81,693</b>
<b>TOTAL LIABILITIES</b>		<b>993,454</b>	<b>841,880</b>
<b>NET ASSETS</b>		<b>6,696,874</b>	<b>4,801,819</b>
<b>EQUITY</b>			
Asset revaluation reserve		2,445,597	2,445,597
Share reserve		-	3,170
Accumulated surplus		4,251,277	2,353,052
<b>TOTAL ASSETS</b>		<b>6,696,874</b>	<b>4,801,819</b>

The accompanying notes form part of these financial statements.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Asset Revaluation Reserve \$	Share Reserve \$	Accumulated Surplus \$	Total \$
Opening balance 1st July 2010	2,445,597	(923)	2,388,100	4,832,774
Revaluation in property	-	-	-	-
Revaluation in shares	-	4,093	-	4,093
Plus current year surplus	-	-	(35,048)	(35,048)
<b>Closing balance 30th June 2011</b>	<b>2,445,597</b>	<b>3,170</b>	<b>2,353,052</b>	<b>4,801,819</b>
Opening balance 1st July 2011	2,445,597	3,170	2,353,052	4,801,819
Revaluation in property	-	-	-	-
Revaluation in shares	-	(3,170)	-	(3,170)
Plus current year surplus	-	-	1,898,225	1,898,225
<b>Closing balance 30th June 2012</b>	<b>2,445,597</b>	<b>-</b>	<b>4,251,277</b>	<b>6,696,874</b>

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from customers and grants		2,233,628	1,739,150
Payments to suppliers and employees		(4,565,338)	(3,756,455)
Interest received		37,149	37,887
Dividends received		1,567	1,972
Donations received		404,093	306,887
Grants received		4,217,608	1,914,803
<b>Net cash from operating activities</b>	6	<b>2,328,707</b>	<b>244,244</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(1,947,250)	(121,998)
Payments for shares		(1,567)	(1,972)
<b>Net cash used in investment activities</b>		<b>(1,948,817)</b>	<b>(123,970)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash used in financing activities		-	-
Net increase in cash held		379,890	120,274
Cash and cash equivalents at the beginning of the year		1,147,165	1,026,891
<b>Cash and cash equivalents at the end of the year</b>	4	<b>1,527,055</b>	<b>1,147,165</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The company has early adopted AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

#### *AASB 1053 Application of Tiers of Australian Accounting Standards*

The company has early adopted AASB 1053 from 1 July 2011. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2.

#### *AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

The company has early adopted AASB 2010-2 from 1 July 2011. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for-profit oriented entities. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

### Donations

Donations are recognised at the time the pledge is made.

### Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

### Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

### Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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.

### Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Buildings	5% Prime cost
Leasehold improvements	16.32% Prime cost
Plant and equipment - at cost	10% to 40% DV
Furniture and fittings - at cost	10% to 40% DV

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Employee benefits**

#### *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *Long service leave*

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.



# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Long service leave provision*

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2012	2011
	\$	\$
<b>NOTE 3: AUDITORS' REMUNERATION</b>		
Audit services	1,800	1,800
Other services	-	-
	<b>1,800</b>	<b>1,800</b>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	100	100
Cash at bank	192,807	128,949
Cash on deposit	1,334,148	1,018,116
	<b>1,527,055</b>	<b>1,147,165</b>
Less bank overdraft	-	-
	<b>1,527,055</b>	<b>1,147,165</b>
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	268,851	77,545
less provision for doubtful debts	(44,811)	(14,454)
	<b>224,040</b>	<b>63,091</b>
Other receivables including Bartercard	204,554	148,844
less provision for impairment	(79,872)	-
	<b>124,682</b>	<b>148,844</b>
	<b>348,722</b>	<b>211,935</b>

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

	2012	2011
	\$	\$
<b>NOTE 6: PROPERTY, PLANT AND EQUIPMENT</b>		
Land at independent valuation	1,280,000	1,280,000
Buildings - work in progress	1,760,104	-
Buildings at independent valuation	2,597,959	2,520,000
Less accumulated depreciation	(245,700)	(126,000)
	2,352,259	2,394,000
Leasehold improvements at cost	308,763	308,763
Less accumulated amortisation	(192,819)	(142,456)
	115,944	166,307
Plant and equipment at cost	864,618	958,463
Less accumulated depreciation	(648,232)	(634,457)
	216,386	324,006
Furniture and fittings at cost	107,288	114,487
Less accumulated depreciation	(75,637)	(73,617)
	31,651	40,870
<b>Total Property, Plant and Equipment</b>	<b>5,756,344</b>	<b>4,205,183</b>

## NOTE 6: CASH FLOW INFORMATION

Surplus / (Deficit) attributable to the members	1,898,225	(35,048)
<b>Adjustments for non cash items:</b>		
Depreciation and impairments	396,089	305,716
Diminution in shares	18,970	-
<b>Changes in assets and liabilities:</b>		
(Increase) / decrease in trade and other receivables	(136,787)	(18,090)
(Increase) / decrease in prepayments	636	(1,239)
Increase / (decrease) in trade payables	161,644	48,593
Increase / (decrease) in provision employee entitlements	(44,171)	35,252
Increase / (decrease) in committed funds	(64,010)	(167,323)
Increase / (decrease) in other liabilities	98,111	76,383
	2,328,707	244,244

## NOTE 7: EQUITY - RETAINED SURPLUS

Retained surpluses at the beginning of the financial year	2,353,052	2,388,100
Surplus / (Deficit) after income tax expense for the year	1,898,225	(35,048)
Retained surpluses at the end of the financial year	4,251,277	2,353,052

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## NOTE 8: FINANCIAL INSTRUMENTS

### *Market risk*

#### *Interest rate risk*

The company is not exposed to any significant interest rate risk.

## NOTE 9: KEY MANAGEMENT PERSONNEL DISCLOSURES

### *Compensation*

The aggregate compensation made to members of key management personnel of the company is set out below:

	2012	2011
	\$	\$
Aggregate compensation	\$366,603	\$352,147

## NOTE 10: CONTINGENT LIABILITIES

The company had no contingent liabilities as at 30 June 2012 and 30 June 2011.

## NOTE 11: COMMITMENTS

The company had no commitments for expenditure as at 30 June 2012 and 30 June 2011.

## NOTE 12: RELATED PARTY TRANSACTIONS

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 9.

### *Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

## NOTE 13. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## DIRECTORS' DECLARATION

The directors of the company declare that:

- a. the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- b. The attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
- c. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

  
\_\_\_\_\_  
Paul Laxon  
Chairman

*Dated this 12th day of October 2012.*

# HEAR AND SAY - CENTRE FOR DEAF CHILDREN LTD

A Company Limited by Guarantee

ACN 058 430 069

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE HEAR AND SAY CENTRE FOR DEAF CHILDREN

### Report on the Financial Report

We have audited the accompanying financial report of **The Hear and Say Centre for Deaf Children**, which comprises the statement of financial position as at **30 June 2012**, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Financial Report

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of **The Hear and Say Centre for Deaf Children**, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion the financial report of **The Hear and Say Centre for Deaf Children** is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at **30 June 2012** and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

  
Jason O'Connor B.Com CPA  
Registered Company Auditor (No. 353931)

Liability limited by a scheme approved under Professional Standards  
Legislation

Dated this 16<sup>th</sup> day of October 2012

Jason O'Connor B.Com CPA

P.O. Box 5480  
BRENDALE DC QLD 4500

Telephone: (07) 3040 5320  
Mobile: 0402 32 7773

[auditor@joconnorptyltd.com.au](mailto:auditor@joconnorptyltd.com.au)  
[www.joconnorptyltd.com.au](http://www.joconnorptyltd.com.au)