

HEAR AND SAY - CENTRE FOR DEAF CHILDREN

A Company Limited by Guarantee

ACN 058 430 069

FINANCIAL REPORT

FOR YEAR ENDED 30 JUNE 2013

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Hear and Say

We open up worlds for deaf children

Auditor:

Jason O'Connor B.Com CPA
Registered Company Auditor (No. 353931)
www.joconnorptyltd.com.au

HEAR AND SAY - CENTRE FOR DEAF CHILDREN

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DIRECTORS' REPORT

30th June 2013

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2013.

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 (resigned Sept 2013)
Dimity Dornan AM	Maree Blake
Jane Black	Margaret Steinberg AM
Bruce Black	Melanie Alpar (commenced July 2012)
Daniel Weule (resigned May 2013)	

Objectives

The key short term objective for Hear and Say is to open up new worlds for deaf children. Hear and Say exists to facilitate access to the basic human right to communicate through listening and speaking thereby enabling all children to reach their full potential.

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

These objectives are now slowly being realised. Listening and spoken language is a genuine reality for children born deaf in 2013. Hear and Say is ushering in a new generation of deaf children, a generation who hear, listen and speak

Strategy for achieving the objectives

With hearing loss as the most common disability in new-born children and more than 90% of these children born with permanent hearing loss being born to hearing parents, there is now, more than ever, an imperative for Hear and Say to spearhead community change and to redefine the benchmarks set for children with hearing loss. The 21st Century has seen much transformation in the field of hearing loss and in our professional sector, with ever advancing technology, diversified funding streams and the maturing knowledge emerging around auditory brain development and therapy techniques. With changing community expectations and increasing government interest in collaborative partnering and community-lead service delivery, Hear and Say's strong research and clinical reputation means that the organisation is clearly well positioned to lead this social change.

To ensure that the Hear and Say mission and vision is realised, the organisation has identified three strategic pillars to guide organisational business activity that centre on **Sustainability, Excellence and Advocacy**. Specifically, the three core strategic intents for Hear and Say are:

- *Sustainability through Funding, People and Infrastructure*. In order to:
 - Ensure equity of quality and access for the delivery of Auditory-Verbal, audiology and supporting services to children who are deaf irrespective of geographic location in order to give listening and speaking to as many children who are deaf as possible
 - Develop sustainable business models in all areas of Hear and Say (Children and Families, Research and Innovation and Worldwide) in order to access government, philanthropic and community funding pools in order to increase funding available to Hear and Say for all children but specifically QLD children who are deaf

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- Attract, retain, develop and support high calibre staff to ensure quality, efficacy and efficiency of all service delivery in order to achieve our short and long term objectives
- Procure, develop and / or maintain infrastructure capability and capacity to facilitate the delivery of world leading services in support of our organisational vision.
- *Performance and Research Excellence.* In order to:
 - Ensure the delivery of world leading, evidence based clinical services supported by efficient and effective, outcomes driven non-clinical team who are values based and understand the organisational vision.
- *A voice for all children (Advocacy)*
 - Creating greater awareness of listening and spoken language outcomes for children who are deaf
 - Ensuring that Hear and Say is 'front-of-mind' as a charity of choice, educator of children with hearing loss, preferred employer, researcher and in other areas
 - Making listening and spoken language outcomes available to all children with hearing loss regardless of geography, circumstance

With further extrapolation, these Strategic Intentions identify desired strategic outcomes for the organisation and organisational processes and outcomes that can be measured against a set of clearly defined performance measures for Hear and Say.

Combined with the organisational values these strategic outcomes set the organisational philosophy and prioritises business effort for Hear and Say, thus underpinning all activity for Hear and Say and establishing a clear strategic future for the organisation.

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, but not limited to 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:

Financial independence – Do we have sustainable funding to support existing & planned services and activities, growth, new initiative? Are we financially viable – profitable and solvent?

Attraction & retention of best people – Are our reputation and values in alignment with the staff support, professional development and unique work opportunities that we offer?

Establishment & maintenance of appropriate infrastructure and technology – Have we the appropriate infrastructure capacity and capability available to support our vision?

Best practice clinical performance - Does our whole system collaborate on innovation and adopting technologies to facilitate evidence based best practice that can be monitored?

Best practice non-clinical performance – Does a framework for continuous quality improvement (CQI) exist to facilitate, encourage, support and demonstrate improved service delivery/outcomes?

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Research & development – Does our research and innovation program provide evidence process management, program quality, program value with measures implemented for appropriate project selection, articulation of benefits, program management, and staff productivity?

Advocacy – Are parents and parent advisory bodies aware and informed and do we have engaged and supportive political, philanthropic, and professional groups?

Branding & recognition – Is the Hear and Say brand being recognised for outcomes, quality and innovation and is our reputation being enhanced and maintained?

Worldwide – Are we providing benchmarked clinical outcomes for the world and delivering world leading, evidenced based practice for the education of parents of / professionals working with children with hearing loss?

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 Doman AM
Title: Executive Director and Founder
Qualifications: PhD UQ, HonDUniv USQ, BSpThy, FSPAA, CpSp, LSLC Cert AVT
Experience and expertise: After working for many years as a speech pathologist, Dimity Doman 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: Executive Director, member of Succession Subcommittee, member of New Technology and Direction Subcommittee, and member of Building Subcommittee.

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Name: Dr Jane Black
Title: Non-Executive Director
Qualifications: PhD UQ; BSW (Class 1 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 MD FRACS FRCSEd FRCS 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.

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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 holds a number of directorships within the not for profit sector and also as an independent member on audit, risk and governance committees. Maree is Deputy Chair of the Queensland Council for Chartered Secretaries Australia (CSA) and on behalf of CSA, conducts in-house training sessions for corporate boards and conference presentations and workshops on governance in the not for profit sector. Maree joined the Hear and Say Board in 2011.
Special responsibilities: Member of the Finance Subcommittee and Chair of Compliance and Risk Management Subcommittee.

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.

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Name: Cameron MacMillan (resigned Sept 2013)
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: Melanie Alpar
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 in January 2011 after moving to QLD from Victoria in December 2010 and is currently the Northern Regional Manager Strategic Accounts. Melanie joined the Board in July 2012.
Special responsibilities: Member of Foundation Committee.

Name: Daniel Weule (resigned May 2013)
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.

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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 2013, and the number of meetings attended by each director were:

	Full Board Attended	Held
Paul Laxon	6	8
Dimity Dornan AM	6	8
Jane Black	8	8
Bruce Black	7	8
Maree Blake	7	8
Cameron MacMillan	7	8
Margaret Steinberg AM	7	8
Daniel Weule	0	8 [Note: Leave of absence; resigned May 2013]
Melanie Alpar	5	8

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

Contributions on winding up

The total amount that members of the company are liable to contribute if the company is wound up is \$60, based on 30 current ordinary members.

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 1st day of October 2013

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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 2013 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 *4th* day of *October* 2013

Jason O'Connor B.Com CPA

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BRENDAL DC QLD 4500

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
INCOME			
Clinic income		899,431	652,534
Donations		440,114	404,093
Fundraising event revenue		387,635	629,111
Fundraising general		728,190	615,116
Appeals		125,329	181,878
Interest revenue		26,531	37,149
Grants - trusts and foundations		643,906	685,373
Grants - operating government		1,371,643	1,264,806
Grants - non operating Queensland Health		-	1,884,010
Other income		70,797	194,509
Total Income		4,693,576	6,548,579
EXPENDITURE			
Bad and doubtful debts		25,984	68,927
Cleaning		21,529	21,150
Clinical services		44,396	26,231
Consultant fees		92,662	95,388
Depreciation and impairment charges		247,303	396,089
Diminution in shares		670	18,573
Dues and subscriptions		10,476	44,385
Employee benefits expense		3,031,423	2,768,378
Fundraising expense		472,700	478,828
Insurance		60,940	59,945
Legal and accounting fees		13,185	1,800
Occupancy costs		199,193	234,941
Other expenses		94,661	62,151
Postage, printing and stationery		102,702	113,915
Repairs and maintenance		128,420	133,008
Telephone		53,046	42,299
Travel		78,548	84,346
Total Expenditure		4,677,838	4,650,354
Surplus / (Deficit) before income tax expense		15,738	1,898,225
Income tax expense	1	-	-
Surplus / (Deficit) after income tax expense for the year attributable to the members		15,738	1,898,225
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members.		15,738	1,898,225

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,513,463	1,527,055
Trade and other receivables	4	324,459	348,722
Prepayments		27,529	32,796
Total Current Assets		1,865,451	1,908,573
NON CURRENT ASSETS			
Available for sale financial assets		14,741	15,411
Queensland Community Foundation		10,000	10,000
Property, plant and equipment	5	5,813,522	5,756,344
Total Non Current Assets		5,838,263	5,781,755
TOTAL ASSETS		7,703,714	7,690,328
CURRENT LIABILITIES			
Trade payables		137,785	386,154
Provision for employee benefits		152,658	163,546
Committed funds		233,393	115,990
Other liabilities		347,669	229,712
Total Current Liabilities		871,505	895,402
NON CURRENT LIABILITIES			
Provision for employee benefits		119,597	98,052
Total Non Current Liabilities		119,597	98,052
TOTAL LIABILITIES		991,102	993,454
NET ASSETS		6,712,612	6,696,874
EQUITY			
Asset revaluation reserve		2,445,597	2,445,597
Accumulated surplus		4,267,015	4,251,277
TOTAL ASSETS		6,712,612	6,696,874

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Asset Revaluation Reserve \$	Share Reserve \$	Accumulated Surplus \$	Total \$
Opening balance 1st July 2011	2,445,597	3,170	2,353,052	4,801,819
Revaluation in shares	-	(3,170)	-	(3,170)
Other comprehensive income for the year, net of tax	-	-	-	-
Plus current year surplus	-	-	1,898,225	1,898,225
Closing balance 30th June 2012	2,445,597	-	4,251,277	6,696,874
Opening balance 1st July 2012	2,445,597	-	4,251,277	6,696,874
Other comprehensive income for the year, net of tax	-	-	-	-
Plus current year surplus	-	-	15,738	15,738
Closing balance 30th June 2013	2,445,597	-	4,267,015	6,712,612

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from customers and grants		2,354,307	2,235,194
Payments to suppliers and employees		(4,848,630)	(4,565,338)
Interest received		26,531	37,149
Donations received		440,114	404,093
Grants received		2,334,507	4,217,608
Net cash from operating activities	6	306,829	2,328,707
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(320,421)	(1,947,250)
Payments for shares		-	(1,567)
Net cash used in investment activities		(320,421)	(1,948,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		-	-
Net increase in cash held		(13,592)	379,890
Cash and cash equivalents at 1 July		1,527,055	1,147,165
Cash and cash equivalents at 30 June	3	1,513,463	1,527,055

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

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NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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.

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NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

	2013	2012
	\$	\$
NOTE 2: AUDITORS' REMUNERATION		
Audit services	1,800	1,800
Other services	-	-
	1,800	1,800

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	2013 \$	2012 \$
NOTE 3: CASH AND CASH EQUIVALENTS		
Cash on hand	100	100
Cash at bank	233,295	192,807
Cash on deposit	1,280,068	1,334,148
	1,513,463	1,527,055
Less bank overdraft	-	-
	1,513,463	1,527,055
NOTE 4: TRADE AND OTHER RECEIVABLES		
Trade debtors	244,573	268,851
less provision for doubtful debts	(47,039)	(44,811)
	197,534	224,040
Other receivables including Bartercard	190,857	204,554
less provision for impairment	(63,932)	(79,872)
	126,925	124,682
	324,459	348,722
NOTE 5: PROPERTY, PLANT AND EQUIPMENT		
Land at independent valuation	1,280,000	1,280,000
Buildings - work in progress	2,055,082	1,838,063
Buildings at independent valuation	2,520,000	2,520,000
Less accumulated depreciation	(359,415)	(245,700)
	2,160,585	2,274,300
Leasehold improvements at cost	308,763	308,763
Less accumulated amortisation	(243,181)	(192,819)
	65,582	115,944
Total Property	5,561,249	5,508,307
Plant and equipment at cost	820,526	864,618
Less accumulated depreciation	(592,339)	(648,232)
	228,187	216,386
Furniture and fittings at cost	103,170	107,288
Less accumulated depreciation	(79,084)	(75,637)
	24,086	31,651
Total Plant and Equipment	252,273	248,037
Total Property, Plant and Equipment	5,813,522	5,756,344

b) Movements in carrying amounts

2012	Property	Plant and Equipment	Total
	\$	\$	\$
Balance at the beginning of year	3,840,307	364,876	4,205,183
Additions	1,838,063	29,095	1,867,158
Disposals	-	-	-
Depreciation expense	(170,063)	(145,934)	(315,997)

HEAR AND SAY - CENTRE FOR DEAF CHILDREN

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Carrying Amount at End of Year	5,508,307	248,037	5,756,344
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2013	Property \$	Plant and Equipment \$	Total \$
Balance at the beginning of year	5,508,307	248,037	5,756,344
Additions	217,019	103,402	320,421
Transfers	-	-	-
Disposals	-	-	-
Depreciation expense	(164,077)	(99,166)	(263,243)
Carrying Amount at End of Year	5,561,249	252,273	5,813,522

	2013 \$	2012 \$
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NOTE 6: CASH FLOW INFORMATION

Surplus / (Deficit) attributable to the members 15,738 1,898,225

Adjustments for non cash items:

Depreciation and impairments	263,243	315,997
Impairments	(15,940)	80,092
Bad Debts	25,984	68,927
Diminution in shares	670	18,970

Changes in assets and liabilities:

(Increase) / decrease in trade and other receivables	14,219	(205,714)
(Increase) / decrease in prepayments	5,267	636
Increase / (decrease) in trade payables	(248,369)	161,644
Increase / (decrease) in provision employee entitlements	10,657	(44,172)
Increase / (decrease) in committed funds	117,403	(64,010)
Increase / (decrease) in other liabilities	117,957	98,111
	306,829	2,328,706

NOTE 7: EQUITY - ACCUMULATED SURPLUS

Accumulated surpluses at the beginning of the financial year	4,251,277	2,353,052
Surplus / (Deficit) after income tax expense for the year	15,738	1,898,225
Accumulated surpluses at the end of the financial year	4,267,015	4,251,277

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:

	2013 \$	2012 \$
Aggregate compensation	\$365,447	\$366,603

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NOTE 10: CONTINGENT LIABILITIES

The company had no contingent liabilities as at 30 June 2013 and 30 June 2012.

NOTE 11: COMMITMENTS

The company had no commitments for expenditure as at 30 June 2013 and 30 June 2012.

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

Since the 30th June 2013, Hear and Say received a number of conditional grants towards the rebuilding of premises at Ithaca as part of Project Possibility. One generous donor has committed \$4 Million towards this project and the Queensland State Government has announced a further \$2 Million over two years. The Board is undertaking appropriate risk and governance analysis as to the organisation's financial and operational capability to enter into a construction contract during the current financial year. These financial statements have not been adjusted for these events.

There are no other known matters or circumstances that have arisen since 30 June 2013 that have 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.

NOTE 14: MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of two dollars towards meeting any outstanding obligations of the company.

NOTE 15: COMPANY DETAILS

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

40/44 Munro St, Auchenflower QLD 4066

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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 2013 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 1st day of October 2013

HEAR AND SAY - CENTRE FOR DEAF CHILDREN

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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 2013**, 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 2013** 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 4th day of October 2013

Jason O'Connor B.Com CPA

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