

# **Deaf Children Australia**

**ABN 57 108 025 207**

## **Financial Report**

**For the year ended 30 June 2009**

# Deaf Children Australia

ABN 57 108 025 207

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# Deaf Children Australia

ABN 57 108 025 207

## DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2009.

The names of the directors in office at any time during, or since the end of, the year are:

Noel Anthony Henderson  
David Michael Richards  
Susan Margaret Izard  
Andrew Charles Perry  
Kathryn Barbara Holmes  
Alex Hutton (Retired February 2009)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The loss of the company for the financial year amounted to \$2,197,044 (2008 loss: \$587,286).

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity as detailed below, the results of which are disclosed in the attached financial statements.

No significant changes in the company's state of affairs occurred during the financial year.

The principal activity of the company during the financial year was to advance the welfare of deaf and hearing impaired children and young people and their families.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

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## DIRECTORS' REPORT (CONTINUED)

The company secretary at the end of the financial year is Damian Lacey.

The information on directors is as follows:

Noel Anthony Henderson	Chairperson. Joined the board August 2006. Noel is a hearing impaired professional in the IT & T industry who has a history of community service.
David Michael Richards	Treasurer. First elected November 2004. David is a corporate finance professional with extensive experience in the commercial finance industry.
Susan Margaret Izard	Joined the board in June 2004. Susan's background in deaf education includes mainstream schools, facilities for deaf students and schools for the deaf. She is currently Principal at Aurora School in Melbourne.
Andrew Charles Perry	First elected in 1993. Past chairperson and member of the finance and investment committee. Andrew is an investment advisor by profession and has an interest in serving the community.
Kathryn Barbara Holmes	Director since 2004. Katie is the parent of a deaf child. She also teaches History at La Trobe University.
Alex Hutton	Alex holds a MBA in Business Law, a Bachelor of Economics and a Diploma of Business (Valuation). He is the Chief Operating Officer of the Thompson Group. Retired February 2009.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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## DIRECTORS' REPORT

(CONTINUED)

### Meeting of Directors


During the financial year, 5 meetings of directors were held. Attendance by each director were as follows:


DIRECTORS	Number eligible to attend	Number attended
Noel Anthony Henderson	5	5
David Michael Richards	5	5
Susan Margaret Izard	5	5
Andrew Charles Perry	5	4
Kathryn Barbara Holmes	5	5
Alex Hutton	1	1

### 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 page 4.

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

Director   
Noel Henderson

Director   
David Richards

Dated this 15th day of October 2009

**Auditor's Independence Declaration under Section 307C of the Corporations Act  
2001 to the directors of Deaf Children Australia**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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.

*Moore Stephens*

MOORE STEPHENS  
Chartered Accountants

*Scott Phillips*

Scott Phillips  
Partner  
Melbourne, 15 October 2009

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# Deaf Children Australia

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## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Revenue	2	4,519,533	4,494,968
Other income	2	(13,241)	82,133
Loss on disposal of investment		-	(417,161)
Employee benefits expense		(2,994,766)	(2,872,700)
Consultants and interpreter fees		(59,369)	(145,805)
Depreciation expense	3a	(121,106)	(131,321)
Advertising and promotion		(11,838)	(23,649)
Insurance		(109,955)	(105,909)
Investment costs		(70,764)	(131,899)
Motor vehicles expenses		(82,214)	(73,967)
Program development costs		(30,243)	(34,950)
Program expenses		(277,526)	(385,126)
Rent expenses		-	(12,819)
Repairs and maintenance		(110,425)	(122,496)
Stationery and postage		(65,776)	(103,233)
Utilities expense		(239,357)	(205,492)
Other expenses		(512,622)	(397,860)
Impairment of Investments	3	(2,017,375)	-
Loss before income tax		<u>(2,197,044)</u>	<u>(587,286)</u>
Income tax expense		-	-
Loss attributable to members of the company		<u>(2,197,044)</u>	<u>(587,286)</u>

The accompanying notes form part of these financial statements.

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## BALANCE SHEET AS AT 30 JUNE 2009

<b>ASSETS</b>	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,771,717	2,176,673
Trade and other receivables	7	70,440	264,522
Inventories	8	87,028	109,212
Other current assets	9	362,768	208,297
<b>TOTAL CURRENT ASSETS</b>		<b>2,291,953</b>	<b>2,758,704</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	7	95,000	185,000
Financial assets	10	7,444,723	8,386,366
Property, plant and equipment	11	6,691,104	6,750,336
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,230,827</b>	<b>15,321,702</b>
<b>TOTAL ASSETS</b>		<b>16,522,780</b>	<b>18,080,406</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	889,835	869,510
<b>TOTAL CURRENT LIABILITIES</b>		<b>889,835</b>	<b>869,510</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term provisions	13	104,495	83,677
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>104,495</b>	<b>83,677</b>
<b>TOTAL LIABILITIES</b>		<b>994,330</b>	<b>953,187</b>
<b>NET ASSETS</b>		<b>15,528,450</b>	<b>17,127,219</b>
<b>EQUITY</b>			
Contributions		15,131,830	15,131,830
Asset Revaluation Reserve		-	(598,275)
Retained Earnings		396,620	2,593,664
<b>TOTAL EQUITY</b>		<b>15,528,450</b>	<b>17,127,219</b>

The accompanying notes form part of these financial statements.

## Deaf Children Australia

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### STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR YEAR ENDED 30 JUNE 2009

	Contributions \$	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2007</b>	15,131,830	1,352,955	3,180,950	19,665,735
Profit attributable to members of the company	-	-	(587,286)	(587,286)
Net revaluation decrement	-	(1,951,230)	-	(1,951,230)
<b>Balance at 30 June 2008</b>	15,131,830	(598,275)	2,593,664	17,127,219
Profit attributable to members of the company	-	-	(2,197,044)	(2,197,044)
Transfer from reserve	-	598,275	-	598,275
<b>Balance at 30 June 2009</b>	15,131,830	-	396,620	15,528,450

The accompanying notes form part of these financial statements.

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## CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,550,732	1,804,205
Operating grant receipts		2,337,285	1,929,161
Payments to suppliers and employees		(4,634,196)	(4,415,325)
Dividends received		574,351	-
Interest received		229,444	18,048
Net cash provided by /(used in) operating activities	16	<u>57,616</u>	<u>(663,911)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		56,301	824,973
Proceeds from sale of investments		-	6,987,905
Purchase of property, plant and equipment		(131,415)	(242,384)
Purchase of investments		(477,458)	(6,201,641)
Net cash (used in)/ provided by investing activities		<u>(552,572)</u>	<u>1,368,853</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds /(payments) to related party		<u>90,000</u>	<u>(185,000)</u>
Net cash provided by/(used in) investing activities		<u>90,000</u>	<u>(185,000)</u>
Net (decrease)/ increase in cash held		(404,956)	519,942
Cash and cash equivalents at beginning of year		<u>2,176,673</u>	<u>1,656,731</u>
Cash and cash equivalents at end of year	6	<u>1,771,717</u>	<u>2,176,673</u>

The accompanying notes form part of these financial statements.

# Deaf Children Australia

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Deaf Children Australia as an individual company. Deaf Children Australia is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report of Deaf Children Australia as an individual company complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

#### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### Accounting Policies

(a) **Income Tax**

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

(b) **Inventories**

Inventories are measured at the lower of cost and current replacement cost. The cost of the inventories comprises the original purchase price plus cost incurred in bringing the inventories to their present location. Inventories held at no cost or for nominal consideration are valued at replacement cost at the date of acquisition.

(c) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### Property

Freehold land and buildings are shown at their cost less subsequent depreciation for buildings.

#### Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Property, Plant and Equipment (Continued)

##### Depreciation

The depreciable amount of all property, plant and equipment, including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset:	Depreciation Rate:	Depreciation Basis:
Plant and equipment	10 - 27 %	Straight Line
Motor Vehicles	15 - 20 %	Straight Line
Improvements	2%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

#### (d) Financial Instruments

##### Initial Recognition and measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method;
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Financial Instruments (Continued)

##### (i) Financial assets at fair value through the Income Statement

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: *Recognition and Measurement of Financial Instruments*. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Income Statement in the period in which they arise.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### (iii) Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company is stated at amortised cost using the effective interest rate method.

##### (iv) Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

##### (v) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

##### (vi) Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Income Statement unless they are designated as hedges.

#### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses for held-for-trading are recognised in the Income Statement. The impairment has been assessed and the impairment is due to the significant decline in the value of an investment of 15%.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Impairment of Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

#### Defined superannuation benefit schemes

In respect of defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. The amount recognised in the Balance Sheet represents the present value of the defined benefit obligations adjusted for any unrecognised actuarial gains and losses and unrecognised past service costs less the fair value of the plan's assets. Any asset recognised is limited to unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

#### (g) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term financial liabilities in current liabilities on the Balance Sheet.

#### (i) Revenue

Donations for specific purchases are deferred to the Balance Sheet as a liability until the purchase is made.

Grants received for meeting expenditure for a specific purpose are treated as income in advance until such time as the expenditure is incurred.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Sale of reference materials is recognised upon delivery of products and when the risk and rewards of ownership has passed to the customers.

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(k) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they occurred.

**(l) Comparative Figures**

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

**(m) Critical Accounting Estimates and Judgements**

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

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## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (n) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory application dates for future reporting periods and which the group has decided not to early adopt. A discussion of those future requirements and their impact on the company is as follows:

AASB 2008-11 "Amendments to Australian Accounting Standard – Business Combinations among Not-for-Profit Entities" (applicable to annual reporting periods beginning on or after 1 July 2009). These amendments make the requirements in AASB 3 Business Combinations applicable to business combinations among not-for-profit entities (other than restructures of local governments) that are not commonly controlled, and to include specific recognition, measurement and disclosure requirements in AASB 3 for restructures of local governments.

AASB 101 "Presentation of Financial Statements", AASB 2007-8 "Amendments to Australian Accounting Standards arising from AASB 101", and AASB 2007-10 "Further Amendments to Australian Accounting Standards arising from AASB 101" (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123 "Borrowing Costs" and AASB 2007-6 "Amendments to Australian Accounting

Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]" (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Company as a policy of capitalising qualifying borrowing costs has been maintained by the Company.

AASB 2008-2 "Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2]" (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

AASB 2008-5 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project" (July 2008) (AASB 2008-5) and AASB 2008-6 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project" (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.

AASB 2008-8 "Amendments to Australian Accounting Standards – Eligible Hedged Items" [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Company.

AASB 2008-13 "Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009) This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.

AASB Interpretation 15 "Agreements for the Construction of Real Estate" (applicable for annual reporting periods commencing from 1 January 2009) Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Company.

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (n) New Accounting Standards for Application in Future Periods (Continued)

AASB Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Company.

AASB Interpretation 17 "Distributions of Non-Assets to Owners" (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

AASB Interpretation 18 "Transfers of Assets from Customers" (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively to entities that receive transfers of assets, such as plant and equipment from their customers in order to connect customers to a network and provide them with access to a supply of goods or services. The Interpretation outlines the appropriate accounting treatment in respect of such transfers.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: REVENUE	Note	2009 \$	2008 \$
Dividends received	2a	574,351	680,533
Interest received	2b	229,444	110,171
Rental Income		158,860	143,596
Residential and other fees		372,813	258,114
Operating grants		2,337,372	1,929,162
Donations		695,120	633,997
Bequests		-	511,341
Shop sales		53,781	64,621
Other revenue		97,792	163,433
<b>Total Revenue</b>		<b>4,519,533</b>	<b>4,494,968</b>
 Other income			
—gains on disposal of fixed assets		(13,241)	82,133
<b>Total other Income</b>		<b>(13,241)</b>	<b>82,133</b>
 (a) Dividend revenue from:			
—other corporations		574,351	680,533
<b>Total dividend revenue</b>		<b>574,351</b>	<b>680,533</b>
 (b) Interest revenue from:			
—other persons		229,444	110,171
<b>Total interest revenue</b>		<b>229,444</b>	<b>110,171</b>

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 3: PROFIT	Note	2009 \$	2008 \$
<b>(a) Expenses</b>			
Depreciation of property, plant and equipment		121,106	131,321
Bad and doubtful debts:			
— trade receivables		-	11,841
Total bad and doubtful debts		-	11,841
Impairment market movement of investments	10(a)	1,419,100	-
Impairment reversal of reserve	10(a)	598,275	-
Total Impairment of assets		2,017,375	-
Other expenses:			
— Loss on disposal of investment		-	417,161
		-	417,161

### NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits				Post Employment Benefit		Total \$
	Salary & Fees \$	Super- annuation Contribution \$	Bonus \$	Non-Cash Benefits \$	Other \$	Long-term Benefits Long Service Leave \$	
<b>2009</b>							
Total compensation	160,755	14,468		4,863	-	-	180,086
<b>2008</b>							
Total compensation	153,376	13,804	-	4,863	-	-	172,043

### NOTE 5: AUDITORS' REMUNERATION

	2009 \$	2008 \$
Remuneration of the auditor of the company for:		
— Audit of the financial report	22,220	20,100
	22,220	21,100

### NOTE 6 : CASH AND CASH EQUIVALENTS

Cash on hand	1,800	2,320
Cash at bank	462,365	268,295
Deposits at call	1,224,724	1,826,467
Nelson trust account	82,828	79,591
	1,771,717	2,176,673

The effective interest rate on deposits at call was 5.5% (2007: 6.25%).  
The Nelson trust account has an effective interest rate of 5.5% (2007: 4.90%).

# Deaf Children Australia

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7: TRADE AND OTHER RECEIVABLES	2009 \$	2008 \$
<b>CURRENT</b>		
Trade receivables	70,440	264,522
	70,440	264,522
<b>NON-CURRENT</b>		
Amounts receivable from key management personnel (a)	95,000	185,000
	95,000	185,000

**(a) Key Management Personnel Loan**

	Balance at Beginning of year \$	Balance at End of Year \$	Interest Charged \$	Interest not Charged \$	Provision for Impairment \$	Highest Balance during Period \$
2009	185,000	95,000	16,752			185,000
2008	-	185,000	1,712	-	-	185,000

The above loan to D Lacey is an interest only unsecured loan. The loan is repayable in May 2013 and bears interest at 5.75% per annum. This interest rate will be adjusted annually prior to the 1<sup>st</sup> July each year.

### Credit Risk

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

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

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
<b>30 June 2009</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and term receivables	70,440	-	52,180	8,350	7,282	2,628	52,180
Total	70,440	-	52,180	8,350	7,282	2,628	52,180

# Deaf Children Australia

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 7: TRADE AND OTHER RECEIVABLES (Continued)

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
<b>30 June 2008</b>	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	264,522	-	239,085	2,791	21,711	935	239,085
Total	264,522	-	239,085	2,791	21,711	935	239,085

### NOTE 8: INVENTORIES

#### CURRENT

At cost

- Finished goods

	2009 \$	2008 \$
	87,028	109,212
	87,028	109,212

### NOTE 9: OTHER ASSETS

#### CURRENT

Security deposits

Sundry debtors

	2009 \$	2008 \$
	4,306	5,236
	358,462	203,061
	362,768	208,297

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

<b>NOTE 10: FINANCIAL ASSETS</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>NON-CURRENT</b>		
Available for sale financial assets comprise:		
Listed investments		
— shares in listed corporations, at fair value	7,444,723	8,386,366
<b>Total available for sale financial assets</b>	<b>7,444,723</b>	<b>8,386,366</b>

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

(a) Impairment Loss

The market for the company's available-for-sale investments has been severely affected by the recent volatility in the share market as a result of the global financial crisis. During the year it was determined that the available-for-sale investments were impaired, and an impairment loss of \$1,419,100 was recognised accordingly. Previous revaluation decrements of \$598,275 were also recognised in the income statement as an impairment loss.

The available-for-sale investments were determined to be impaired as they were subject to a significant and prolonged decline in value below historical cost.

<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>LAND AND BUILDINGS</b>			
Freehold land:			
At Cost		22,774	24,340
Buildings			
At Cost		6,524,004	6,539,254
Accumulated depreciation		(144,160)	(121,774)
Total buildings		6,379,844	6,417,480
Total land and buildings		6,402,618	6,441,820
<b>PLANT AND EQUIPMENT</b>			
Motor vehicles			
At Cost		392,058	404,551
Accumulated depreciation		(174,237)	(170,534)
		217,821	234,017
Furniture, fixtures and fittings			
At Cost		1,039,783	996,869
Accumulated depreciation		(969,118)	(922,370)
		70,665	74,499
Total plant and equipment		288,486	308,516
Total property, plant and equipment	11a	6,691,104	6,750,336

# Deaf Children Australia

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land \$	Buildings \$	Motor vehicles \$	Furniture, fixtures and fittings \$	Total \$
Balance at 1 July 2007	387,297	6,237,741	277,184	114,893	7,017,115
Additions	-	201,239	19,368	21,776	242,383
Disposals	(362,957)	-	(10,697)	(4,187)	(377,841)
Depreciation expense	-	(21,500)	(51,838)	(57,983)	(131,321)
Balance at 1 July 2008	24,340	6,417,480	234,017	74,499	6,750,336
Additions	-	-	88,502	42,914	131,416
Disposals	(1,566)	(13,684)	(54,292)	-	(69,542)
Depreciation expense	-	(23,952)	(50,406)	(46,748)	(121,106)
Carrying amount at 30 June 2009	22,774	6,379,844	217,821	70,665	6,691,104

### NOTE 12: TRADE AND OTHER PAYABLES

#### CURRENT

#### Unsecured liabilities

	2009 \$	2008 \$
- Sundry payables	149,199	97,699
- Accrued expenses	156,920	149,719
- Annual leave accrual	194,204	170,841
- Long service leave accrual	30,307	50,002
- Income in advance	359,205	401,249
	889,835	869,510

### NOTE 13: LONG TERM PROVISIONS

	2009 \$	2008 \$
Opening balance at 1 July 2008	83,677	119,082
Additional provisions raised during year	39,235	14,597
Amount transferred to current	(7,348)	(50,002)
Amounts used	(11,069)	-
Balance at 30 June 2009	104,495	83,677

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 13: LONG TERM PROVISIONS (Continued)

#### Analysis of Total Provisions

	2009 \$	2008 \$
Employee Benefits provision	104,495	83,677

#### Provision for Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

The measurement and recognition criteria for employee benefits have been included in note 1.

### NOTE 14: RESERVES

#### Asset Revaluation Reserve

The asset revaluation reserve records revaluations of available for sale financial assets.

### NOTE 15: SEGMENT REPORTING

The company operates predominantly in one business and geographical segment, being responding to the needs of children and young people who are deaf or hearing impaired and their families. Deaf Children Australia provides information, support services and educational resources throughout Victoria.

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
<b>NOTE 16: CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of Cash Flow from Operations with Profit</b>		
Profit	(2,197,044)	(587,287)
Non-cash flows in profit		
Depreciation	121,106	131,321
Dividends reinvested	-	(772,656)
Net loss/(gain) on disposal of property, plant and equipment	13,241	(82,133)
Net loss on disposal of investments	-	417,161
Decrease/(Increase) in receivables	194,082	(138,536)
Decrease in prepayments	-	6,618
(Increase)/decrease in other assets	(154,471)	358,467
Decrease in inventories	22,184	34,505
Increase/(Decrease) in payables	16,657	(56,071)
Increase in provisions	24,486	24,700
Impairment of Investments	2,017,375	-
	<u>57,616</u>	<u>(663,911)</u>

### NOTE 17: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Andrew Perry (a director) is the Executive Director Private Wealth Management at Goldman Sachs JB Were. He provides investment advice to DCA but is not directly involved in the management of the company's investment Portfolio. Goldman Sachs JB Were manage the investment portfolio and received brokerage fees. Brokerage was charged at rates no more favourable than market rates.

There was no remuneration paid or payable to directors by the company during the year.

An interest only unsecured loan was provided to Damian Lacey in 2008. The loan is on normal commercial terms no more favourable than those available to other persons. The loan is repayable in May 2013 and bears interest at 5.75% per annum. This interest rate will be adjusted annually prior to the 1<sup>st</sup> July each year.

### NOTE 18: ECONOMIC DEPENDENCE

The continuing services to deaf people provided by Deaf Children Australia is dependent upon the funding from the State and Federal Government, including Philanthropic Grants and other donations and funding.

### NOTE 19: FINANCIAL RISK MANAGEMENT

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The company's financial instruments comprise mainly of deposits with banks, available for sale financial assets, accounts receivable and payables.

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

	Note	2009 \$	2008 \$
<b>Financial Assets</b>			
- Cash and cash equivalents	6	1,771,717	2,176,673
- Available for sale	10	7,444,723	8,386,366
- Loans and receivables	7	165,440	449,522
-Sundry debtors	9	358,462	203,061
		<u>9,740,342</u>	<u>11,215,622</u>
<b>Financial Liabilities</b>			
-Trade and other payables	12	<u>306,119</u>	<u>247,418</u>

### Financial Risk Management Policies

The company's financial instruments consist mainly of deposits with banks, local money market instruments, equity investments, accounts receivable and payable, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for the company's operations.

The company does not have any derivative instruments at 30 June 2009.

The committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The company's finance committee meet on a regular basis to review its strategy for investments and related risks.

### Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk, price risk and credit risk. The company is not exposed to foreign currency risk.

#### (a) Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling debts or otherwise meeting its obligations related to borrowings.

The company manages liquidity risk by monitoring forecast cash flows and ensuring adequate cash reserves are maintained to meet current commitments. Certainty of cash flow is assured as \$2.3million of all revenue relates to operating grants including funds received from State and Federal Government contracts, which are paid either monthly or quarterly and usually run for three year periods.

#### (b) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of receivables, as disclosed in the balance sheet and notes to the financial statements. The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### (c) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for listed securities.

- (i) The company is exposed to securities price risk on available-for-sale financial assets.
- (ii) Available for sale financial assets are actively managed on a short term basis and are fair valued through the equity reserves, with no effect on the income statement unless sold. The company has estimated the sensitivity to be 10% (2008-12%).

### (d) Net Fair Values

Methods and assumptions used in determining net fair value:

The net fair values of listed investments are the quoted market bid price at Balance Sheet date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the financial statements.

	2009		2008	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial assets</b>				
Cash and cash equivalents	1,771,717	1,771,717	2,176,673	2,176,673
Held for trading financial assets at fair value	7,444,723	7,444,723	8,386,366	8,386,366
Trade and other receivables	433,118	433,118	449,522	449,522
Sundry debtors	358,462	358,462	203,061	203,061
	<u>10,008,020</u>	<u>10,008,020</u>	<u>11,215,622</u>	<u>11,215,622</u>
<b>Financial liabilities</b>				
Trade and other payables	530,630	530,630	468,261	468,261
Income in Advance	359,205	359,205	401,249	401,249
	<u>889,835</u>	<u>889,835</u>	<u>869,510</u>	<u>869,510</u>

# Deaf Children Australia

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 19: FINANCIAL RISK MANAGEMENT (Continued)

#### (e) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest		Fixed Interest Rate		Non Interest Bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Financial assets	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Cash	1.85	4.72	464,165	268,295	-	-	-	-	464,165	268,295
Deposit Notes	5.86	7.03	1,224,724	1,826,467	-	-	-	-	1,224,724	1,826,467
Call Deposits	3.96	5.56	-	-	82,828	79,591	-	-	82,828	79,591
Trade and other receivables			-	-	-	-	428,462	467,583	428,462	467,583
Loan Receivable	5.75	8.05	95,000	185,000	-	-	-	-	95,000	185,000
Long Term Investments			-	-	-	-	7,444,723	8,386,366	7,444,723	8,386,366
<b>Total financial assets</b>			<b>1,783,889</b>	<b>2,279,762</b>	<b>82,828</b>	<b>79,591</b>	<b>7,873,185</b>	<b>8,853,949</b>	<b>9,739,902</b>	<b>11,213,302</b>
Financial liabilities										
Trade and sundry payables			-	-	-	-	306,119	247,418	306,119	247,418
Income in Advance			-	-	-	-	359,205	401,249	359,205	401,249
<b>Total financial liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>665,324</b>	<b>648,667</b>	<b>665,324</b>	<b>648,667</b>

All investments (except long term where noted) have been classified as maturing within twelve months.

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 19: FINANCIAL RISK MANAGEMENT (Continued)

#### (f) Sensitivity Analysis

The following table illustrates sensitivities to the company's exposure to changes in interest rates and equity prices:

	Profit	Equity
	\$	\$
<b>Year ended 30 June 2009</b>		
- +/- 10% in portfolio prices	+/- 744,472	+/- 744,472
- +/- 2% in interest rates	+/- 33,778	+/- 33,778
<b>Year ended 30 June 2008</b>		
- +/- 10% in portfolio prices	+/- 1,006,364	+/- 1,006,364
- +/- 2% in interest rates	+/- 41,895	+/- 41,895

The above price sensitivity analysis has been performed on the assumption that all variables remain unchanged. The company has no exposure to fluctuations in foreign currency.

## Deaf Children Australia

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The table below reflects the undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflects management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflects the earliest contractual settlement dates.

#### Financial liability and financial assets maturity analysis.

	Within 1 year		1-5 years		Over 5 years		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables (excluding estimated annual leave and deferred income)	306,119	247,418	-	-	-	-	-	247,418
Total expected outflows	306,119	247,418	-	-	-	-	306,119	247,418

#### Financial assets- cash flows realisable

Cash and cash equivalents	1,771,717	2,176,673	-	-	-	-	1,771,717	2,176,673
Trade and other receivables	165,440	449,522	-	-	-	-	165,440	449,522
Other Investments	7,444,723	8,386,366	-	-	-	-	7,444,723	8,386,366
Total anticipated inflows	9,381,880	11,012,561	-	-	-	-	9,381,880	11,012,561
Net inflow/(outflow) on financial instruments	9,075,761	10,765,143	-	-	-	-	9,075,761	10,765,143

# Deaf Children Australia

ABN 57 108 025 207

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 20: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its Deaf Services and that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt.

### NOTE 21: MEMBERS GUARANTEE

The company is limited by guarantee. The Constitution states that if the company is wound up, each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 30 June 2009 the number of members was 131 (2008: 131 members).

### NOTE 22: COMPANY DETAILS

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

Deaf Children Australia  
597 St Kilda Road  
MELBOURNE VIC 3004

### NOTE 24: EVENTS AFTER THE BALANCE SHEET DATE

There have been no subsequent events that have taken place after Balance Sheet date.

The financial report was authorised for issue on 15<sup>th</sup> October 2009 by the Board.

**Deaf Children Australia**

ABN 57 108 025 207

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out in 5 to 29, are in accordance with the *Corporations Act 2001*:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director   
Noel Henderson

Director   
David Richards

Dated this 15<sup>th</sup> day of October 2009

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DEAF CHILDREN AUSTRALIA**

We have audited the accompanying financial report of Deaf Children Australia, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*The Responsibility of the Directors for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 and fair presentation of the financial report 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*

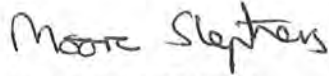
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Deaf Children Australia on 30 June 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

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*An independent member of Moore Stephens International Limited - members in principal cities throughout the world*  
*The Melbourne Moore Stephens firm is not a partner or agent of any other Moore Stephens firm and is a separate partnership in Victoria*

*Auditor's Opinion*

In our opinion, the financial report presents fairly, in all material aspects, the financial position of Deaf Children Australia as at 30 June 2009, and its financial performance and cash flows for the year then ended in accordance with the *Corporations Act 2001* and the Australian Accounting Standards (including Australian Accounting Interpretations).



MOORE STEPHENS  
Chartered Accountants



**Scott Phillips**  
Partner

Dated in Melbourne this 15<sup>th</sup> day of October 2009