Vision Australia Limited

ACN 108 391 831

Financial Report for the year ended 30 June 2009

Directors' Report

The directors of Vision Australia Limited (Vision Australia) submit the Annual Financial Report of the company for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors Name	Particulars	Date appointed to the board	Date resigned from the Board
Lyn Allison, BEd, AAICD	Former Senator, Australian Federal Parliament	31-Jul-08	
Dr (Ronald)Keith Barton, BSc, PhD, FTSE	Non Executive Director	11-May-04	
Nick Carter, FRICS, FAPI, FAICD	Managing Director	15-Dec-06	
Dr Donald Fraser, BSc (Hons), Dip Ed, MBA, DBA, FACS, FAICD	Business Manager	31-Jul-08	
Paul Gleeson, BSc, LLB, LLM	Principal -Russell Kennedy Pty Ltd - Solicitors	11-May-04	
Timothy Griffiths, BBus, Grad Cert Export, Grad Dip MarLogMgt, MBT	General Manager – Bionic Ear Institute	20-May-05	11-Jul-08
Tony Hanmer	Non Executive Director	17-Jun-07	
Professor Jan Lovie-Kitchin, PhD QUT, MSc (Optom) (Melb), Grad Dip (Rehab Stud) (La Trobe), FAAO	Adjunct Professor	29-Jun-07	
Professor Ron McCallum AO, BJuris, LLB,(Hons) (Monash), LLM Qu, Deputy Chair	Professor of Law	09-Jan-06	
Ross McColl, BEcon (Monash), FCA	Partner - PricewaterhouseCoopers	10-Jul-06	
Dr Kevin Murfitt, BA (Hons), PhD, Chair	Lecturer	11-May-04	
Dr Theresa Smith-Ruig, BCom, PhD	Lecturer	26-Jun-07	
Owen van der Wall, Deputy Chair	Retired Banker	11-May-04	

Company Secretary

Gregory J. Hempenstall, FCPA, FCIS, FAICD (resigned 23 March 2009) David P. Speyer, ACA (appointed 24 April 2009) and Leslie F. B. Smith, BBS, MBA (Melb), CA (NZ), CPA

Principal Activities

The principal activities of Vision Australia are the provision of services, programs and goods to people who are blind or have low vision.

Review of Operations

The directors report that in the year under review Vision Australia faced an economic environment unprecedented in living memory, due to the Global Financial Crisis (GFC).

Vision Australia remained focused on client services and our long term sustainability by -

- Merging with Seeing Eye Dogs Australia (SEDA) on 1 July 2008 leading to the creation of Seeing Eye Dogs Orientation and Mobility (SEDOM) and expansion of our Orientation and Mobility services.
- Opening two new service centres in Dandenong, Victoria and Caringbah, NSW a capital investment of $ 9,300,000.
- Continuing our investment in i-access ® to provide a broader range of information to our clients more quickly and easily.
- Investing in new telephony and client management systems where we will gain significant future benefit through reduced operating costs and improved client service and fundraising efficiencies.

Whilst our focus was on the future, the GFC required the directors to address the following -

- The economic uncertainty that the GFC brought to Australia.
- The volatility of the markets and the impact on our income and investments.
- The impact of the GFC when combined with the impact of the Victorian Bushfires on our fundraising.
- The challenge of a medium term forecast drop in income of 20% to 30%.

The directors then implemented a number of initiatives to rebalance the cost structure of the organisation, retaining its core services and ensuring its long term sustainability.

Nationally and internationally those organisations providing services to people who are blind or have low vision, and other not for profit organisations generally, have had to make difficult decisions including closure of services, restructuring of service delivery and in some cases complete withdrawal.

In this context the financial performance Vision Australia reported-

- Total revenue of $79,523,000 up by 1.6%.
- Cash generated by operations (before restructuring) of $337,000. After accounting for the cash impact of restructuring of $2,200,000 the cash outflow from operations was $1,863,000.
- Operating deficit of $7,019,000 before impairment expenses, restructuring costs and loss on disposal of assets.
- Impairment, restructuring costs and loss on disposal of assets of $20,244,000.
- Net loss of $27,263,000 compared to a surplus of $4,667,000 in 2008.
- Net assets are $157,520,000 (2008 $184,890,000).

Review of Operations (cont'd)

Our revenues were affected by the GFC and the Victorian Bushfire Appeal. We experienced a decrease of $5,000,000 in legacies, bequests and donations on the prior year, offset by the income from the merger with SEDA and a cancellation charge of $2,513,000 on a land sale contract, resulting in the 1.6% growth in total revenue.

The operating deficit of $7,019,000 compares with a surplus of $514,000 in the previous year. In addition to the revenue impact this deficit reflects the commitments to grow the services outlined above, including the financing of the new operations centre at Macaulay Road, in the Melbourne suburb of Kensington, which is due to open in November 2009.

Our investment portfolio is managed by Macquarie Group. Despite having a diversified portfolio Vision Australia was not insulated from the significant negative impact of the GFC. The directors were required, under accounting standard AASB-139, to make an impairment charge against investments of $12,542,000 where the fall in market price below original cost was significant or prolonged. This charge does not have a cash impact.

During the year under review the ASX 300 dropped by 20% and the All Ordinaries Index fell by 26%. The value of the Vision Australia portfolio fell by 13% over the same period. Macquarie Group actively managed our portfolio, taking decisions to limit potential losses in the turbulent market conditions. Despite this we incurred a loss of $2,446,000 on the sale of investments.

Net assets of $157,520,000 include land and buildings valued at $105,345,000. The market value of these land and building assets is $123,345,000, which is $18,000,000 greater than the carrying value.

Subsequent Events

The financial markets have recovered since 30 June 2009. As at the date of signing these accounts there is a net increase in the market value of Vision Australia's investment portfolio of $9,986,000. If the impairment provision was recalculated today it would be reduced by $5,398,000 to $7,144,000.

Future Developments

Vision Australia, with the support of the Queensland State Government, will be developing a new state of the art facility at 347 Old Cleveland Road Coorparoo, Brisbane, costing more than $10,000,000.

Our new centre at Macaulay Road, Kensington, provides 5,800 square metres of combined office and warehouse facility. Accommodating for the following services - Essendon and Western Metropolitan Melbourne Independent Living Services, Technology, Training and Employment, as well as Marketing and Finance.

Future Developments (cont'd)

This site has been purchased and developed at a cost of $14,900,000.

The sale of two sites in Victoria, announced in 2007 are due for completion in 2010 enabling short term funding to be cleared and followed by reinvestment into new service centres.

Changes in state of affairs

During the year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Corporate Governance

The Board of Directors of Vision Australia is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and its affairs on behalf of the members, to whom they are accountable.

Composition of the Board

Vision Australia has a Board of 12 non-executive directors. These directors have an appropriate range of qualifications and knowledge of finance, business, law, marketing, information technology, property, sensory loss, disability and consumer issues.

Directors act in a voluntary capacity except for the Chair who is remunerated. In limited cases, directors or their firms may act in a professional capacity for Vision Australia. In such cases the nature of the work and the remuneration are subject to approval by the Board and full disclosure (See Note 30 of the annual financial statements). This process is governed by the Board's Director Disclosure of Personal Interest Policy and Policy for Handling Conflicts of Interest.

Board Responsibilities

The Board acts on behalf of and is accountable to the members In addition to the statutory obligations laid out in the Corporations Act 2001 the Board identifies the expectations of members and monitors changes in Government policy and community expectations.

The role of the Board and its relationship with management is governed by Vision Australia's Board Charter.

Board Responsibilities (cont'd)

The responsibility for operation and administration is delegated by the Board to the Chief Executive Officer (CEO). The Board, CEO and Executive Management Team set the corporate strategic direction.

The Board meets regularly and monitors the achievement of agreed targets and financial objectives.

Board Committees

To maximise its efficiency and effectiveness, the Board has formed a number of sub-committees that consider specific areas of Vision Australia's activities and report back to the Board. Each Committee operates under its own Board approved Charter. The Chair of the Board is an ex officio member of each Committee.

Audit, Finance and Business Risk Committee
The primary roles of the Committee are to provide strategic advice to management and to monitor and review, on behalf of the Board, the effectiveness of Vision Australia's financial reporting and legal/regulatory framework. The overriding objective of the Committee is to oversee Vision Australia's discharge of its responsibilities with respect to; financial statements, financial reporting, annual reporting, legal and regulatory compliance protection of Vision Australia's capital and risk management. The Committee also oversees Vision Australia's relationship with external and internal auditors.

Members of the Committee are Paul Gleeson (Chair), Timothy Griffiths, Tony Hanmer, Ross McColl, Derek Shaw and Roger Zimmerman.
Co-opted members of the Committee are Derek Shaw, FCPA, Retired Executive and Roger Zimmerman, B.Com (Hons), Retired Executive. Timothy Griffiths continued his role on the Committee after his resignation from the Board in July 2008.

Human Resources Committee
The primary roles of this Committee are to provide strategic advice to management and to assist the Board in fulfilling its corporate governance responsibilities in regard to human resources issues.

Members of the Committee are Keith Barton (Chair), Ron McCallum and Theresa Smith-Ruig.

Client Services Committee
The primary role of the Committee is to provide strategic advice to Management and to provide a mechanism to review, assess and recommend client service policies and procedures to the Board that are consistent with community expectations and Vision Australia's Mission Statement.

Members of the Committee are Owen van der Wall (Chair), Lyn Allison, Jan Lovie-Kitchin and Geoff Morris. Ms Allison joined the Committee during the year.

Board Committees (cont'd)

Mr. Morris was co-opted onto the Committee during the year under the terms of the merger agreement with Seeing Eye Dogs Australia.

Board Development Committee
The role of the Board Development Committee is to assist the Board of Directors in fulfilling its corporate governance responsibilities by ensuring that the Board has an appropriate mix of skills and experience.

Members of the Committee are Kevin Murfitt (Chair), Owen van der Wall and Ron McCallum, both Deputy Chairs.

Property Committee
The primary role of this committee is to provide strategic property advice to management and to monitor and review the organisation's property planning, development and maintenance policies.

Members of the Committee are Nick Carter (Chair), Keith Barton, Paul Gleeson and Ross McColl.

Service monitoring and customer outcomes

Client Representative Council
The Board actively seeks feedback and information from a range of sources including client surveys, information sessions and focus groups. In addition to this clients of Vision Australia are formally represented by the Client Representative Council (CRC). The CRC, established under Vision Australia's Constitution, is the peak internal consumer body and interacts with, but remains separate from the Board. Representatives to the CRC are elected by Vision Australia clients to independently represent their needs and views. The CRC operates under a Charter that has been approved by the Board and its primary purpose is to provide advice to the Board and Management on issues of an internal nature.

The Board shall receive and consider any recommendation and advice given by the CRC but shall not be bound by any such recommendations or advice. The CRC, in consultation with the Chair of the Board, will annually nominate two Board members to participate in the meetings of the Council. Additionally the Council formally reports to the Board on a regular basis. The current Board nominees are Kevin Murfitt and Lyn Allison. Ms Allison was appointed to this role during the year.

Note that all policies and charters mentioned above are posted on our website www.visionaustralia.org.

Directors’ meetings

The following table sets out the number of directors’ meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year there were 8 board meetings, 10 Audit Finance and Business Risk Committee meetings, 7 Property Committee meetings, 2 Human Resources Committee meetings, 4 Client Service Committee meetings, and 3 Board Development Committee meetings.

Directors	Board of Directors		Audit, Finance & Business Risk		Property		Human Resources		Client Services		Board Development Committee	
	Could have attended	Attended	Could have attended	Attended	Could have attended	Attended	Could have attended	Attended	Could have attended	Attended	Could have attended	Attended
Lyn Allison	7	6							2	2		
Dr Keith Barton	8	4			7	5	2	2				
Nicholas Carter	8	7			7	7						
Donald Fraser	8	8										
Paul Gleeson	8	7	10	9	7	6						
Timothy Griffiths	0	0	0	0								
Tony Hanmer	8	7	10	8								
Prof. Jan Lovie-Kitchin	8	8							4	3		
Prof. Ronald McCallum AO	8	5					2	2			3	2
Ross McColl	8	7	10	9	7	6						
Dr Kevin Murfitt	8	8	10	8	7	6	2	2	4	2	3	2
Dr Theresa Smith-Ruig	8	7					2	2				
Owen van der Wall	8	7							4	4	3	3

Indemnification of officers and auditors
Vision Australia paid insurance premiums during the financial year, insuring directors and officers (and any persons who are officers in the future) against certain liabilities incurred in that capacity. Vision Australia has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify any officer of the company against any liabilities incurred in that capacity.

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

Auditor's independence declaration
The auditor's independence declaration is included after the directors' declaration in the financial report.

Rounding off of amounts
Vision Australia is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors:

……………………………..	……………………………..
Kevin Murfitt	Paul Gleeson
Director	Director
Melbourne, Australia	Melbourne, Australia
29 September 2009	29 September 2009

Income statement for the financial year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Revenue	5	79,523	78,252	83,846	78,317
Raw materials and consumables used		(3,887)	(4,036)	(3,887)	(4,036)
Employee benefits expense	6(b)	(53,265)	(48,589)	(53,265)	(48,589)
Depreciation and amortisation expense	6(b)	(6,771)	(5,395)	(6,771)	(5,395)
Occupancy expense		(4,415)	(4,072)	(4,415)	(4,072)
Communications expense		(2,128)	(2,306)	(2,128)	(2,306)
Transport expense		(2,457)	(2,864)	(2,457)	(2,864)
Administration expense		(3,062)	(3,084)	(3,062)	(3,084)
Finance costs	6(b)	(1,262)	(282)	(1,262)	(282)
Other expenses	6 (b)	(9,295)	(7,110)	(8,993)	(6,771)
		(7,019)	**514**	**(2,394)**	**918**
Gain/(loss) on disposal of assets	6(a)	(2,446)	7,774	(340)	10,102
Impairment (expense)/reversal - non current assets	12(ii)	(645)	570	(645)	570
Impairment expense - available for sale investments	33	(12,542)	(4,191)	(892)	-
Restructuring Costs	34	(4,611)	-	(4,611)	-
Donation to Vision Australia Trust		-	-	-	(16,584)
Surplus/(deficit) for the year		(27,263)	4,667	(8,882)	(4,994)

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current assets					
Cash and cash equivalents	27(a)	3,673	7,136	2,769	4,159
Trade and other receivables	7	3,863	5,059	2,437	3,665
Other financial assets	8	1,846	11,678	46	2,021
Inventories	9	1,707	2,874	1,707	2,874
Other current assets	10	1,189	579	1,189	579
		12,278	27,326	8,148	13,298
Non-current assets classified as held for sale	3(m),11	28,781	10,667	28,781	10,667
Total current assets		41,059	37,993	36,929	23,965
Non-current assets					
Trade and other receivables	7	81	84	81	84
Other financial assets	8	66,026	69,908	6,023	1,313
Property, plant and equipment	12	91,311	76,636	91,311	76,636
Investment property	13	2,140	1,251	2,140	1,251
Intangible assets	14	4,328	4,332	4,328	4,332
		163,886	152,211	103,883	83,616
Non-current assets classified as held for sale	3(m),11	-	18,300	-	18,300
Total non-current assets		163,886	170,511	103,883	101,916
Total assets		204,945	208,504	140,812	125,881
Current liabilities					
Trade and other payables	15	9,248	8,797	9,248	8,797
Borrowings	16	12,310	-	12,310	-
Provisions	17	7,443	7,631	7,443	7,631
Other current liabilities	18	8,875	6,156	8,875	6,156
Total current liabilities		37,876	22,584	37,876	22,584
Non-current liabilities					
Trade and other payables	15	8,525	-	8,525	-
Provisions	17	1,024	1,030	1,024	1,030
Total non-current liabilities		9,549	1,030	9,549	1,030
Total liabilities		47,425	23,614	47,425	23,614
Net assets		157,520	184,890	93,387	102,267
Equity					
Retained surplus	21	159,075	186,338	93,485	102,367
Reserves	20	(1,555)	(1,448)	(98)	(100)
Total equity		157,520	184,890	93,387	102,267

The accompanying notes form part of these financial statements.

Statement of changes in equity for the financial year ended 30 June 2009

	Consolidated		Company	
	Retained Surplus $'000	Reserves $'000	Retained Surplus $'000	Reserves $'000
Balance at 1 July 2007	181,672	7,252	107,362	309
Adjustment for impairment loss on available for sale investments recognised as an expense in the current year	-	4,191	-	-
Revaluation increments/(decrements) on available for sale investments	-	(12,891)	-	(409)
Net income/(deficit) recognised directly in equity	-	(8,700)	-	(409)
Surplus/(deficit) for the year	4,667	-	(4,994)	-
Total recognised income and expense for the year	4,667	(8,700)	(4,994)	(409)
Balance at 1 July 2008	186,338	(1,448)	102,367	(100)
Adjustment for impairment loss on available for sale investments recognised as an expense in the current year	-	12,542	-	892
Impairment loss reversal on disposal of available for sale investments	-	(1,796)	-	-
Revaluation increments / (decrements) on available for sale investments	-	(10,853)	-	(890)
Net income/(deficit) recognised directly in equity	-	(107)	-	2
Surplus/(deficit) for the year	(27,263)	-	(8,882)	-
Total recognised income and expense for the year	(27,263)	(107)	(8,882)	2
Balance at 30 June 2009	159,075	(1,555)	93,485	(98)

The accompanying notes form part of these financial statements

Cash flow statement for the financial year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Cash flows from operating activities					
Cash receipts from operations		76,351	77,042	76,351	76,986
Interest received		868	1,648	403	640
Dividends received		4,582	4,981	411	192
Payments to suppliers and employees		(82,806)	(71,875)	(82,504)	(71,439)
Borrowing costs		(858)	(499)	(858)	(499)
Net cash provided by/(used in) operating activities	27(c)	(1,863)	11,297	(6,197)	5,880
Cash flows from investing activities					
Payment for property, plant and equipment		(21,619)	(21,604)	(21,619)	(21,604)
Payment for intangible assets		(2,360)	(2,346)	(2,360)	(2,346)
Payment for investments		(25,056)	(59,481)	(230)	-
Payment for other financial assets		-	(6,302)	-	(2,000)
Proceeds from sale of property, plant and equipment and non-current assets classified as held for sale		5,154	30,545	5,154	30,545
Proceeds from sale of investments		23,292	46,163	185	-
Proceeds from sale of other financial assets		6,302	-	2,000	-
Amounts advanced to Vision Australia Trust		-	-	-	(16,679)
Net cash (used in)/provided by investing activities		(14,287)	(13,026)	(16,870)	(12,084)
Cash flows from financing activities					
Proceeds from Vision Australia Trust distribution		-	-	8,991	5,000
Proceeds from borrowings	27(e)	68,154	-	68,154	-
Cash contribution arising on business combination	27(b)	377	-	377	-
Repayment of borrowings	27(e)	(55,844)	-	(55,844)	-
Net cash provided by/(used in) financing activities		12,687	-	21,678	5,000
Net increase/(decrease) in cash and cash equivalents		(3,463)	(1,730)	(1,390)	(1,204)
Cash and cash equivalents at the beginning of the financial year		7,136	8,866	4,159	5,363
Cash and cash equivalents at the end of the financial year	27(a)	3,673	7,136	2,769	4,159

The accompanying notes form part of these financial statements

Note 1: General information
Vision Australia (the company) is a company limited by guarantee, incorporated in Australia and operating in Australia.

Vision Australia's registered office and its principal place of business are as follows:

454 Glenferrie Road
KOOYONG VIC 3144
Tel: (03) 9864 9222

Note 2: Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operation and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the consolidated entity's accounting policies for the current and prior years.

At the date of this report certain new accounting Standards and Interpretations have been published that are not mandatory for the financial year ended 30 June 2009. They are available for early adoption, but have not been applied in preparing this financial report. The consolidated entity's assessment of the impact of the new Standards and Interpretations relevant to the consolidated entity is set out below:

- AASB 101 *Presentation of Financial Statements* was revised amending the name and disclosure requirements of the three primary statements to Statement of Comprehensive Income (previously Income Statement), Statement of Financial Position (previously Balance Sheet) and Statement of Cash Flows (previously Cash Flow Statement). The changes will not affect any of the amounts recognised in the financial statements. The revised standard is effective but not mandatory for annual reporting periods beginning on or after 1 January 2009.

- AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to better align with International Financial Reporting Standards (IFRS) terminology. The revised standard is effective but not mandatory for annual reporting periods beginning on or after 1 January 2009.

Note 2: Adoption of new and revised Accounting Standards (cont'd)

- AASB 3 *Business Combinations* was revised to provide additional guidance on how to apply the acquisition method in accounting for business combinations, including clarifying that acquisition-related costs be expensed in the period in which the costs were incurred and not added to the cost of the business combination. Application of the revised standard would not impact the amounts recognised in future reporting periods as it is Vision Australia policy to expenses all acquisition costs. AASB 3 is applicable prospectively to business combinations from 1 July 2009.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will not have any material financial impact on the financial statements of the company or the consolidated entity. These Standards and Interpretations will be first applied in the financial report of the consolidated entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

Note 3: Summary of accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the consolidated entity. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial report was authorised for issue by the directors on 29 September 2009.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets , financial instruments and employee benefit provisions. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Vision Australia is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Note 3: Summary of accounting policies (cont'd)

(a) Basis of Consolidation

The consolidated financial statement incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the consolidated entity. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

(d) Date of incorporation

The company was incorporated on 11 May 2004 and commenced trading at midnight on 5 July 2004.

(e) Derivative financial instruments

The consolidated entity enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 28 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the surplus or deficit immediately.

Note 3: Summary of accounting policies (cont'd)

(f) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

<u>Defined contribution plans</u>

Contributions to defined contribution superannuation plans are expensed when incurred.

<u>Defined benefit plans</u>

As the Defined benefit plan is a multi-employer plan, the Defined benefit plan is accounted for as if it were a Defined contribution plan.

(g) Financial assets

Investments are recognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: 'held to maturity' investments, 'available-for-sale' investments, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Held-to-maturity investments</u>

Investments with fixed or determinable receipts and fixed maturity dates where the consolidated entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at cost.

Note 3: Summary of accounting policies (cont'd)

Available-for-sale investments

Certain shares and convertible notes held by the consolidated entity are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the asset revaluation reserve with the exception of impairment losses and interest income. Where the investment is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in surplus or loss for the period. Dividends on available-for-sale equity instruments are recognised in surplus or loss when the consolidated entity's right to receive payments is established. In the calculation of gain or loss on the disposal of available-for-sale investments the value assigned to cost is determined on the basis of realising the maximum gain/minimum loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at cost. Interest is recognised by applying the effective interest rate.

(h) Income tax

Under Section 50-5 of the Income Tax Assessment Act 1997, the consolidated entity is exempt from income tax.

(i) Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their useful lives as follows:

* Audio Masters 5 years
* Computer Software 3 years

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Manufactured goods include an appropriate portion of fixed and variable overhead expenses. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(k) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Note 3: Summary of accounting policies (cont'd)

Depreciation is provided on investment property, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life of 50 years to its estimated residual value.

(l) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

<u>Consolidated entity as lessor</u>
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

<u>Consolidated entity as lessee</u>
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset must be expected to be completed within one year from the date of classification, except in circumstances where sale is delayed by events or circumstances outside the consolidated entity's control and the consolidated entity remains committed to a sale.

(n) Property, plant and equipment

Land is measured at cost. Buildings, leasehold buildings, plant and equipment, motor vehicles and computers are stated at cost less accumulated depreciation and impairment. With the exception of assets acquired upon merger with other organisations at deemed cost (i.e. fair value), cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Note 3: Summary of accounting policies (cont'd)

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated rates are used in the calculation of depreciation:

Buildings	2%
Leasehold Improvements	20%
Computer Equipment	33.33%
Furniture, Plant & Equipment	10-20%
Motor Vehicles	20%

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns.

Revenue: General and Specific Grant Income

General grant revenue is recognised at the time of receipt. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and will be brought to account in future years as the funds are expended.

Note 3: Summary of accounting policies (cont'd)

Donations, Bequests and Estates

Revenue from estates is recognised when the consolidated entity gains control of the contribution. The deemed cost of marketable securities is the market value of such securities at the date of transfer. Revenue from specifically designated bequests, where the designated expenditure for such bequests during the year has not occurred or is incomplete, and where there is an obligation to repay the funds, the resulting amount will be transferred to a reserve and will be brought to account in future years as the funds are expended. Revenue from donations is recognised at the time of receipt.

Fundraising

Revenue in relation to fundraising is recognised at the time the funds are received.

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when all the following conditions are satisfied:

- the consolidated entity has transferred to the buyer the significant risks and rewards of ownership or the goods;
- the consolidated entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- by reference to the output required from each contract.

Contributions of Assets

Revenue arising from the contribution of assets is recognised when the consolidated entity gains control of the contribution or the right to receive the contribution.

Liabilities Forgiven

The gross amount of liability forgiven by a creditor is recognised as revenue.

Note 3: Summary of accounting policies (cont'd)

Investment Income
Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Gains and losses from the sale of investments are recorded at the time of sale.

Other Income
Income is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the income can be reliably measured.

(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(r) Impairment of non-current assets other than financial assets

At each reporting date, the consolidated entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of depreciated replacement cost and fair value less costs to sell. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised immediately in surplus or deficit.

Note 3: Summary of accounting policies (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

(s) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that have occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. The carrying amount of an impaired financial asset is reduced and the impairment loss recognised immediately in surplus or deficit.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments (disclosed under non-current assets as "Other financial assets), any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Note 4: Critical judgements in applying the entity's accounting policies

(a) Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

<u>Inventories</u>

Note 3(j) sets out the basis of valuation of inventory. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year may affect the valuation of inventory.

Note 4: Critical judgements in applying the entity's accounting policies (cont'd)

Employee Entitlements
Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- Future increases in wages and salaries
- Future on-cost rates; and
- Experience of employee departures and period of service

Cost base of realised available-for-sale equity investments
As tranches of investments are sold their actual holding costs are charged to the income statement.

(b) Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful lives of property, plant & equipment and intangible assets
Useful lives of property, plant & equipment and intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the depreciation and amortisation expense (either increasing or decreasing) through to the end of reassessed useful life for both the current and future years.

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 5: Revenue

An analysis of the consolidated entity's revenue for the year is as follows:

Revenue from operations consisted of the following items:				
Revenue from the sale of goods	7,196	7,244	7,196	7,244
Revenue from services rendered	1,057	761	1,057	761
Commonwealth Government grant income	5,649	5,212	5,649	5,212
State Government grant income	23,188	22,960	23,188	22,960
Other grant income	949	894	949	894
Legacies, bequests and donations	32,564	34,368	32,564	34,368
Rental revenue	566	707	566	707
Interest revenue	886	1,616	386	589
Dividend revenue	4,652	4,100	484	192
Distribution from Vision Australia Trust	-	-	8,991	5,000
Other revenue (1)	2,816	390	2,816	390
	79,523	78,252	83,846	78,317

(1) Other Revenue includes $2,512,500 of income from deposits forgone on the renegotiation of contracts for the sale of property.

Note 6: Surplus/(Deficit) for the year

(a) Net Gain/(Loss) on disposal of assets

Surplus/(deficit) for the year has been arrived at after crediting/(charging) the following gains and losses on disposal of assets:

Gain/(Loss) on disposal of property, plant and equipment and non-current assets classified as held for sale	(308)	10,102	(308)	10,102
Gain/(loss) on disposal of investments	(2,138)	(2,328)	(32)	-
	(2,446)	7,774	(340)	10,102

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000

Note 6: Surplus/ (Deficit) for the year (cont'd)

(b) Expenses

Surplus/ (deficit) for the year includes the following expenses:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Employee benefit expense:				
Company contributions to Superannuation plans	4,072	3,652	4,072	3,652
Termination benefits (refer Note 34)	-	175	-	175
Other employee benefits	49,193	44,762	49,193	44,762
	53,265	48,589	53,265	48,589
Depreciation and amortisation expense:				
Buildings	706	736	706	736
Investment property	11	11	11	11
Plant & equipment, furniture & fittings	1,609	1,140	1,609	1,140
Motor vehicles	1,672	1,434	1,672	1,434
Computers	1,389	1,155	1,389	1,155
Intangible assets : See Note 14	1,383	919	1,383	919
	6,771	5,395	6,771	5,395
Finance costs:				
Interest expense	897	219	897	219
Other finance costs including facility fees	365	63	365	63
	1,262	282	1,262	282
Write-down of inventory to net realisable value included in restructuring Costs	805	-	805	-
Other expenses includes:				
Equipment and technology	2,817	2,650	2,515	2,311
Events and Brand Promotion	2,907	1,994	2,907	1,994
Miscellaneous	3,571	2,466	3,571	2,466
	9,295	7,110	8,993	6,771

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000

Note 6: Surplus/ (Deficit) for the year (cont'd)

(b) Expenses (cont'd)

The following items are disclosed for statutory purposes:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Operating lease rental expenses included in Occupancy expense:				
Minimum lease payments	2,053	1,854	2,053	1,854
Sub-lease payments received	(127)	(166)	(127)	(166)
	1,926	1,688	1,926	1,688

Note 7: Trade and other receivables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Trade receivables (i)	1,178	2,597	1,178	2,597
Allowance for doubtful debts	(93)	(55)	(93)	(55)
	1,085	2,542	1,085	2,542
Interest and dividends receivable	1,512	1,405	87	27
Sundry debtors	1,218	989	1,217	973
Net goods and services tax recoverable	48	123	48	123
	3,863	5,059	2,437	3,665
Non-current				
Sundry debtors	81	84	81	84

(i) The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to specific debtor balances.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	55	180	55	180
Amounts written off as uncollectible	(7)	(17)	(7)	(17)
Amounts recovered during the year	(10)	(129)	(10)	(129)
Amounts provided for during the year	55	21	55	21
Balance at the end of the year	93	55	93	55

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 7: Trade and other receivables (cont'd)

Ageing of past due but not impaired trade receivables				
30-60 days	220	151	220	151
60-90 days	38	40	38	40
90+ days	22	106	22	106
	280	297	280	297
Ageing of impaired trade receivables				
60-90 days	5	-	5	-
90+ days	88	55	88	55
	93	55	93	55

Note 8: Other financial assets

Current				
Held to maturity investments carried at cost:				
Interest bearing deposits	21	6,323	21	2,021
Fixed interest securities	1,825	5,355	25	-
	1,846	11,678	46	2,021
Non-current				
Held to maturity investments carried at cost:				
Fixed interest securities	12,449	11,327	126	-
Available for sale investments carried at fair value:				
Managed trusts & funds	9,782	8,366	2,729	1,065
Shares	43,795	50,215	3,168	248
	66,026	69,908	6,023	1,313

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 9: Inventories

Raw materials at cost	27	98	27	98
Work in progress at cost	-	50	-	50
Goods available for sale at cost (i)	2,107	2,726	2,107	2,726
Provision for stock obsolescence	(427)	-	(427)	-
	1,707	2,874	1,707	2,874

(i) Goods available for sale at balance date comprise the following:

Equipment Solutions	1,197	1,937	1,197	1,937
Library and Vision Australia Audio	520	290	520	290
Vistech	168	120	168	120
Other goods for sale	222	379	222	379
	2,107	2,726	2,107	2,726

Note 10: Other current assets

Prepayments	1,189	579	1,189	579

Note 11: Non-current assets classified as held for sale

Current				
Properties held for sale (i)	28,781	10,667	28,781	10,667
Non-current				
Properties held for sale	-	18,300	-	18,300

(i) The consolidated entity will dispose of the following two properties in the next 12 months:

- 201 High Street, Prahran, Victoria.
- 333 Burwood Highway, Burwood, Victoria.

These property disposals have been made in accordance with a strategic property plan.

Note 12: Property, plant and equipment

	Consolidated & Company						
	Land at cost $'000	Buildings at cost $'000	Furniture, plant and equipment at cost $'000	Motor vehicle at cost $'000	Computers at cost $'000	Capital work in progress $'000	Total $'000
Gross carrying amount							
Balance at 1 July 2007	35,298	24,476	8,424	7,029	4,342	60	79,629
Classified as held for sale	(9,000)	(6)	-	-	-	-	(9,006)
Additions	-	10,028	2,599	5,242	2,335	1,229	21,433
Disposals	-	-	(34)	(4,101)	-	-	(4,135)
Balance at 1 July 2008	26,298	34,498	10,989	8,170	6,677	1,289	87,921
Acquisitions through business combinations	2,575	1,611	197	135	7	-	4,525
Additions	13,138	1,272	1,469	4,232	1,335	-	21,447
Disposals	(500)	(680)	(67)	(3,996)	-	(1,289)	(6,532)
Balance at 30 June 2009	41,511	36,701	12,588	8,541	8,019	-	107,361
Accumulated depreciation and impairment							
Balance at 1 July 2007	-	(1,758)	(2,556)	(1,200)	(2,533)	-	(8,047)
Disposals	-	-	20	1,207	-	-	1,227
Depreciation expense	-	(736)	(1,140)	(1,434)	(1,155)	-	(4,465)
Balance at 1 July 2008	-	(2,494)	(3,676)	(1,427)	(3,688)	-	(11,285)
Disposals	-	11	41	1,204	-	-	1,256
Net impairment losses charged to surplus/(loss) (i) (ii)	(115)	(484)	(46)	-	-	-	(645)
Depreciation expense	-	(706)	(1,609)	(1,672)	(1,389)	-	(5,376)
Balance at 30 June 2009	(115)	(3,673)	(5,289)	(1,895)	(5,077)	-	(16,050)
Net book value							
As at 30 June 2008	26,298	32,004	7,313	6,743	2,989	1,289	76,636
As at 30 June 2009	41,396	33,028	7,299	6,646	2,943	-	91,311

(i) Refer to note 3(r) Impairment of non-current assets
(ii) Under AASB 116 – Property, Plant and Equipment we were required to take an impairment charge in the period in those instances where the depreciated replacement cost of a property was less than its carrying value.

Note 13: Investment property

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Gross carrying amount				
Balance at beginning of financial year	1,295	2,956	1,295	2,956
Classified as held for sale	-	(1,661)	-	(1,661)
Additions	900	-	900	-
Disposals	-	-	-	-
Balance at end of financial year	2,195	1,295	2,195	1,295
Accumulated depreciation and impairment				
Balance at beginning of financial year	(44)	(33)	(44)	(33)
Disposals	-	-	-	-
Depreciation expense	(11)	(11)	(11)	(11)
Balance at end of financial year	(55)	(44)	(55)	(44)
Net book value	2,140	1,251	2,140	1,251

Note 14: Intangible assets

Consolidated & Company	Audio Masters $'000	Computer Software $'000	Total $'000
Gross carrying amount			
Balance at 1 July 2007	3,322	2,100	5,422
Additions	820	872	1,692
Balance at 1 July 2008	4,142	2,972	7,114
Additions	675	705	1,380
Balance at 30 June 2009	4,817	3,677	8,494
Accumulated amortisation and impairment			
Balance at 1 July 2007	(373)	(1,490)	(1,863)
Amortisation expense (i)	(440)	(479)	(919)
Balance at 1 July 2008	(813)	(1,969)	(2,782)
Amortisation expense (i)	(820)	(564)	(1,383)
Balance at 30 June 2009	(1,633)	(2,533)	(4,165)
Net book value			
As at 30 June 2008	3,329	1,003	4,332
As at 30 June 2009	3,184	1,144	4,328

(i) Amortisation expense is included in the line item "Depreciation and amortisation expense" in the Income Statement on page 10.

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 15: Trade and other payables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Trade payables (i)	1,355	2,084	1,355	2,084
Other creditors and accrued expenses	5,351	4,171	5,351	4,171
Payable to RBFQ (unsecured) (ii)	2,542	2,542	2,542	2,542
	9,248	8,797	9,248	8,797
Non-current				
Payable to SEDA (unsecured) (iii)	8,525	-	8,525	-

(i) The standard credit period on purchases is 30 days.

(ii) Vision Australia merged its operations with Royal Blind Foundation of Queensland (RBFQ) on 6 December 2006. Under the terms of the Charity Merger Agreement that governed this merger a debt to RBFQ was incurred for acquiring its assets and assumed liabilities. This debt need not be paid before 1 January 2010 but may be called on sooner should the RBFQ be wound up or where monetary relief is awarded to Comprite Pty Ltd in a legal matter between Comprite Pty Ltd and the RBFQ. Further to the "Comprite" matter, refer Note 35: Subsequent Events. The debt bears interest accruing on a daily basis. The interest rate is determined using the Reuters rate for BBSY bills with a tenor of 90 days as at the first business day in the calendar year, less 200 basis points. Interest of $93,000 (2008: $124,000) was incurred for the year ended 30 June 2009 and is disclosed within finance costs.

(iii) Vision Australia merged its operations with Seeing Eye Dogs Australia (SEDA) on 1 July 2008.Under the terms of the Charity Merger Agreement that governed this merger a debt to SEDA was incurred for acquiring its assets and assumed liabilities. This debt need not be paid before 1 January 2012 but may should SEDA be wound up. For detail on the affect of the merger with SEDA refer Note 26: Acquisition of Businesses.
The debt bears interest accruing on a daily basis. The interest rate is determined using the Reuters rate for BBSY bills with a tenor of 90 days as at the first business day in the calendar year, less 200 basis points. Interest of $311,000 (2008: $Nil) was incurred for the year ended 30 June 2009 and is disclosed within finance costs.

Note 16: Borrowings

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Mortgage loan (secured) (i)	12,310	-	12,310	-
	12,310	-	12,310	-

(i) The mortgage loan bill facility was established on 6 March 2009 and will be reviewed on 28 February 2010. The interest rate is fixed at 3.63% until 3 December 2009. The loan is secured by a mortgage over some of the consolidated entity's freehold land and buildings.

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 17: Provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
<u>Current</u>				
Employee benefits (i)	7,443	7,631	7,443	7,631
<u>Non-current</u>				
Employee benefits	1,024	1,030	1,024	1,030

(i) The current provision for employee benefits includes $2,403,000 (company $2,403,000) of vested long service leave entitlements accrued but not expected to be taken within 12 months.

Note 18: Other current liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Income in advance (i)	8,875	6,156	8,875	6,156

(i) Included in income in advance is $7,431,000 (2008:$5,943,000) being deposits for properties held for sale.

Note 19: Defined benefit superannuation plans

Vision Australia is a member of Health Super Pty Ltd through which Vision Australia and 16 of its employees contribute to a defined benefit superannuation plan. Employees contribute to the plan at 0%, 3%, 4%, or 6% of salary and Vision Australia contributes 1%, 6%, 6% or 10% for the contributory component of the plan and 9% for the basic benefit of the plan.

Under AASB 119 (Employee Benefits), Vision Australia is required to account for the surplus or deficit in the plan by recognising an asset or liability in the financial statements. However, as there is insufficient information available to adopt defined benefit accounting and the plan is a multi-employer plan, Vision Australia is able to account for the plan as if it were a defined contribution plan (refer Note 3(f)).

The Fund Actuary has recommended that Health Super meets the definition of a defined benefit multi-employer plan under AASB119. As some of the members of the defined benefit section of the Fund are current and former employees of other employers, the Actuary does not believe there is sufficient information to allocate obligations, assets and costs between employers under AASB119. As a result, there are adequate grounds to adopt defined contribution accounting in respect of the defined section of the Fund.

Note 19: Defined benefit superannuation plans (cont'd)

Vision Australia's notional share of the excess net assets of the defined benefit superannuation plan at 30 June 2009 was $41,000 At 30 June 2008, the plan had an excess of net assets of which Vision Australia's notional share was $69,000. The notional allocation was based on the proportion of the current employee defined benefit vested benefits for the particular employer to the total defined benefit vested benefits for the members employed by participating defined benefit employers. Health Super Pty Ltd has advised that contribution rates will remain unchanged in the 2009/10 financial year.

Note 20: Reserves

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Asset Revaluation Reserve				
Balance at beginning of financial year	(1,448)	7,252	(100)	309
Adjustment for impairment loss on available for sale investments	12,542	4,191	892	-
Impairment loss reversal on disposal of available for sale investments	(1,796)	-	-	-
Revaluation increments/(decrements)	(10,853)	(12,891)	(890)	(409)
Balance at end of financial year	(1,555)	(1,448)	(98)	(100)

The asset revaluation reserve arises on the revaluation of investments to fair value.

Note 21: Retained surplus

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Balance at beginning of financial year	186,338	181,672	102,367	107,362
Net surplus/(deficit) attributable to members of the parent entity	(27,263)	4,667	(8,882)	(4,994)
Balance at end of financial year	159,075	186,338	93,485	102,367

Note 22: Contingent liabilities

Vision Australia has an agreement, signed in 2001, with the Department of State and Regional Development (Victoria) regarding funding contributed by the Department for the construction of facilities available for community use in Bendigo, Victoria. After obtaining written approval from the Minister these facilities were sold in 2004 and leased back. The agreement does not expressly impose an obligation to repay the funds advanced. An estimate of a repayment obligation, based upon mechanisms included in other similar funding agreements should Vision Australia cease to provide services from these facilities would see the amount liable for repayment at $147,000 (2008: $195,000). At balance date, Vision Australia has every intention of providing community services from the site for the balance of the agreement period.

Vision Australia has an agreement with the Department of Housing (Victoria) regarding the funding contributed by the Department for the construction of Independent Living Units at Shepparton, Victoria. In the event that the agreement is terminated within the next 12 years by Vision Australia, there will be an obligation to repay an amount representing the amortised proportion of the market value of the property based on a formula agreed with the Department of Housing (Victoria). The maximum amount at balance date, which Vision Australia could be liable for in the event of the agreement being terminated, is $396,000 (2008: $429,000). At balance date, Vision Australia has every intention of adhering to the agreement and does not believe it to be probable that the agreement will be terminated.

Note 23: Commitments for expenditure

Capital expenditure commitments

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
<u>Property</u>				
Not longer than 1 year	3,603	680	3,603	680
Longer than 1 year	-	129	-	129
	3,603	809	3,603	809

The above represents the value of signed contracts for building works to be constructed at 346 Macaulay Rd Kensington, Victoria not yet constructed as at 30 June 2009. There are no capital expenditure commitments other than those disclosed in respect of property.

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 24: Leases

Disclosures for lessees

Operating leases

Leasing arrangements

Operating leases relate to rental property, photocopier and computer leases.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-cancellable operating lease commitments:				
Not longer than 1 year	1,845	1,590	1,845	1,590
Longer than 1 year	4,093	3,924	4,093	3,924
	5,938	5,514	5,938	5,514

In respect of non-cancellable operating leases no liabilities have been recognised.

Disclosures for lessors

Operating leases

Leasing arrangements

Operating leases relate to rental properties.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-cancellable operating lease receivables:				
Not longer than 1 year	205	267	205	267
Longer than 1 year and not longer than 5 years	283	252	283	252
Longer than 5 years	376	482	376	482
	864	1,001	864	1,001

Note 25: Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2009 %	2008 %
Parent entity			
Vision Australia Ltd	Australia		
Subsidiaries			
RVIB Foundation Pty Ltd	Australia	100%	100%
Vision Australia Foundation	Australia	100%	100%
Royal Blind Society of New South Wales	Australia	100%	100%
National Information & Library Service	Australia	100%	100%
Louis Braille Productions Ltd	Australia	100%	100%
Royal Victorian Institute for the Blind Ltd	Australia	100%	100%
Australian Blindness Services Pty Ltd	Australia	100%	100%
Vision Australia Trust	N/A	100%	100%
RVIB Foundation (Charitable Trust)	N/A	100%	100%

Note 26: Acquisition of businesses

Name of business from which assets & liabilities acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition $'000
2009				
Seeing Eye Dogs Australia	Blind and low vision goods & services	01/07/08	-	8,525

Net assets acquired	Total book and fair value on acquisition $'000
2009	
Current assets	
Cash & cash equivalents	377
Trade & other receivables	107
Inventories	15
Other current assets	36
Non-current assets	
Land & Buildings	4,187
Plant & equipment	339
Other financial assets	3,927
Current liabilities	
Trade & other payables	(273)
Provisions	(190)
	8,525

Note 26: Acquisition of businesses (cont'd)

The cost of acquisition was funded by an interest bearing payable owing to Seeing Eye Dogs Australia (SEDA), of which the balance owing at year-end is $8,525,000 (2008: $Nil). Refer note 15.
The accounting standards require Vision Australia to quantify the affect on its income statement of the performance of any newly acquired operations. It is impractical to calculate this as immediately after the merger a new business unit was formed; Seeing Eye Dogs, Orientation and Mobility (SEDOM). This combined the existing SEDA operations and Vision Australia's Orientation and Mobility Service. This expanded service was further enlarged in the year.

Note 27: Note to the cash flow statement

(a) Reconciliations of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank	809	1,036	800	1,036
At call accounts	2,864	6,100	1,969	3,123
Cash and cash equivalents	3,673	7,136	2,769	4,159

Note 27: Note to the cash flow statement (cont'd)

(b) Businesses acquired

	Consolidated and Company 2009 $'000
Consideration	
Fair value of net assets acquired	
Assets	
Cash	377
Receivables	107
Inventories	15
Other financial assets	3,927
Other assets	36
Property plant & equipment	4,526
Liabilities	
Payables	(273)
Provisions	(190)
Net assets acquired	8,525
Goodwill on acquisition	-
	8,525

Cash contribution arising on business combination	
Cash and cash equivalent balances included in fair value of net assets acquired	377
	377

There were no businesses acquired in 2008.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000

Note 27: Note to the cash flow statement (cont'd)

(c) Reconciliation of surplus/(deficit) for the year to net cash flows provided by operating activities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Net surplus/(deficit) for the year	(27,263)	4,667	(8,882)	(4,994)
Depreciation	5,388	4,476	5,388	4,476
Amortisation	1,383	919	1,383	919
Impairment expense on available for sale investments	12,542	4,191	892	-
Impairment expense on non-current assets	645	(570)	645	(570)
(Gain)/loss on sale or disposal of assets	2,446	(7,774)	340	(10,102)
Forgiveness of Vision Australia Trust receivable	-	-	-	16,585
Distribution from Vision Australia Trust	-	-	(8,991)	(5,000)
Non-cash bequest of shares	(1,685)	(324)	(1,685)	(324)
Movement in provision for employee benefits	(384)	1,004	(384)	1,004
Movement in trade receivables and sundry debtors	1,308	93	1,340	(727)
Movement in other current assets	(574)	(268)	(574)	(268)
Movement in inventories	1,182	(535)	1,182	(535)
Movement in trade payables and accruals	430	(348)	430	(350)
Movement in income in advance	2,719	5,766	2,719	5,766
Net cash provided by operating activities	(1,863)	11,297	(6,197)	5,880

(d) Financing facilities available

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Multi-option loan facility. Security for the loan is held over some of Vision Australia Ltd's land and buildings:				
Amount used	12,310	-	12,310	-
Amount unused	12,690	-	12,690	-
	25,000	-	25,000	-
Margin loan facility available through Vision Australia Foundation as trustee of Vision Australia Trust. Security for the loan is held over Vision Australia Trust's assets:				
Amount used	-	-	-	-
Amount unused	10,000	10,000	-	-
	10,000	10,000	-	-

Note 27: Note to the cash flow statement (cont'd)

(e) Cash Flows from financing activities

The proceeds and repayment of borrowings reflect the systematic rolling over of short term borrowing facilities in order to take maximum advantage of falling interest rates during the year. For more information on the borrowing facilities refer Note 16: Borrowings and Note 27 (d) above.

Note 28: Financial instruments

1) Financial Risk Management Objectives and Policies

The consolidated entity's principal financial instruments consist of investments in listed securities, interest bearing deposits and unlisted common funds. The main purpose of these financial assets is to raise finance to support the consolidated entity's activities. The consolidated entity has various other financial instruments such as accounts receivable and accounts payable which arise directly from its operations.

The consolidated entity is exposed to key financial risks, including market risk (which includes interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. This note presents information about the consolidated entity's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

The consolidated entity's Board has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established the Audit, Finance and Business Risk Committee (AFBRC) which meets regularly to monitor and evaluate the consolidated entity's financial management strategies in the context of the most recent economic conditions and forecasts and is responsible for developing and monitoring risk management policies.
The AFBRC reviews and makes recommendations to the Board in relation to the consolidated entity's financial policies and risk management policies and procedures.

2) Risk Exposures

The main risks the consolidated entity is exposed to through its financial instruments are as follows:

2.1) Market Risk

Market risk is the risk that changes in market prices will affect the consolidated entity's result or the value of the consolidated entity's financial assets and liabilities. The key market risks that the consolidated entity is exposed to are interest rate risk, foreign currency risk and price risk, each of which are discussed below.

2.1.1) Interest Rate Risk

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's funds invested on the money market and borrowings. Borrowings are disclosed in note 16 to the financial statements.

Note 28: Financial instruments (cont'd)
Risk Exposures (cont'd)

The consolidated entity has exposure to interest rate risk through its holding of cash assets, borrowings and other financial assets at fair value. At the reporting date, if interest rates were 1% lower/higher than the year-end rates with all other variables held constant, the consolidated entity's net result for the year would have been $69,000 lower/higher (2008:$862,000 lower/higher), reflecting the lower/higher interest income earned/paid on affected balances.

2.1.2) Foreign Currency Risk
The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters, and where appropriate utilise forward exchange contracts.

It is the policy of the consolidated entity to enter into forward foreign exchange contracts to cover specific foreign currency payments to at least 50% of the exposure generated. The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average exchange rate		Foreign currency		Contract value	
	2009	2008	2009 FC'000	2008 FC'000	2009 $'000	2008 $'000
Buy Danish Kroners Less than 3 months	-	4.5094	-	1,123	-	249
Buy British Pounds Less than 3 months	-	0.4700	-	100	-	212

The consolidated entity's main exposure to foreign currency risk arises from international shares held as part of its long term investment portfolio. The consolidated entity is mainly exposed to US Dollars and the Euro. At the reporting date, had the Australian Dollar weakened/strengthened by 10% against the relevant foreign currencies with all other variables held constant, the consolidated entity's equity balance would have been $298,000 lower/higher (2008:$235,000 lower/higher), due to changes in the fair value of available-for-sale financial assets. There would not have been any change to the net result for the year (2008:$Nil).

Note 28: Financial instruments (cont'd)
Risk Exposures (cont'd)

2.1.3) Price Risk
The consolidated entity has a significant investment in marketable securities (included within available-for-sale financial assets), which exposes the consolidated entity to price risk. To limit this risk, the consolidated entity has invested its funds with a Fund Manager and maintained a diversified investment portfolio. The performance of the Fund Manager is monitored quarterly by the AFBRC. The overall investment strategy is reviewed annually. The majority of the equity investments are of a high quality and are publicly traded on equity exchanges. The investments are mainly included in the S&P/ASX 200 Index.

At the reporting date, if the value of marketable securities were 10% lower/higher with all other variables held constant, the consolidated entity's equity would have been $5,358,000 lower/higher (2008:$7,528,000 lower/higher), due to changes in the fair value of available-for-sale financial assets.

2.2) Credit Risk
Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the consolidated entity's receivables from customers. The majority of the consolidated entity's revenue is received through State and Commonwealth Government grant income and legacies, bequests and donations.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables. The consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivable balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant. The consolidated entity has established an allowance for doubtful debts that represents their estimate of incurred losses in respect of receivables. An analysis of the ageing of the consolidated entity's receivables at reporting date has been provided in Note 7.

2.3) Liquidity Risk
Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due.

Liquidity risk is managed by management in consultation with the AFBRC. which monitors the consolidated entity's cash position and cash flows on a daily basis, and in consultation with the AFBRC through the regular monitoring of current forecasts.

A multi-option loan facility of $25,000,000 (2008:$Nil) is available to Vision Australia Ltd and its subsidiaries. The consolidated entity, through Vision Australia Trust, also has a standby margin loan facility of $10,000,000 (2008:$10,000,000), which is able to provide short-term cash should the need arise.

Note 28: Financial instruments (cont'd)
Risk Exposures (cont'd)

Maturity analysis – liquidity and interest rate risk tables

The following table discloses the remaining contractual maturity for Vision Australia's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to be pay. The table includes both interest and principal cash flows:

Consolidated & Company	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Total $'000
2009							
Non-interest bearing							
Trade payables		1,355	-	-	-	-	1,355
Other payables		3,446	586	1,319	-	-	5,351
Interest bearing							
Other payables	3.58	2,542	-	8,525			11,067
Borrowings	5.42	-	-	12,310	-	-	12,310
		7,343	586	22,154	-	-	30,083
2008							
Non-interest bearing							
Trade payables		2,084	-	-	-	-	2,084
Other payables		3,169	795	207	-	-	4,171
Interest bearing							
Other payables	4.82	2,542	-	-	-	-	2,542
		7,795	795	207	-	-	8,797

Note 28: Financial instruments (cont'd)

3) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

As detailed in the following tables, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values:

	2009		2008	
2009	**Carrying amount $'000**	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Financial assets				
Cash and cash equivalents	3,673	3,673	7,136	7,136
Trade receivables	1,085	1,085	2,542	2,542
Other receivables	2,858	2,858	2,601	2,601
Interest bearing deposits	21	21	6,323	6,323
Shares	43,795	43,795	50,215	50,215
Managed trusts and funds	9,782	9,782	8,366	8,366
Fixed interest securities	14,274	14,274	16,681	16,681
	75,488	75,488	93,864	93,864
Financial liabilities				
Trade payables	1,355	1,355	2,084	2,084
Other payables	16,418	16,418	6,713	6,713
Borrowings	12,310	12,310	-	-
	30,083	30,083	8,797	8,797

Note 29: Key management personnel remuneration

Key management personnel includes the Chairman, Chief Executive Officer and General Managers. In 2009 there were 11 General Managers (2008:8).

The aggregate compensation of the key management personnel of the consolidated entity is set out below:	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Short term employee benefits	2,184,776	1,872,761	2,184,776	1,872,761
Post employment benefits	-	-	-	-
Other long term employee benefits (i)	11,427	40,770	11,427	40,770
Termination benefits (ii)	498,462	98,750	498,462	98,750
Share-based payment	-	-	-	-
	2,694,665	2,012,281	2,694,665	2,012,281

(i) Decrease in Other long term employee benefits is largely as a result of executives departing the organisation before becoming entitled to long service leave. Consequently, the applicable accumulated long service leave provision was reversed against the 08/09 cost of benefits. The impact of this reversal is $23,000 (2008:Nil).

(ii) Three (3) General Manager positions were made redundant effective post 30 June although costs were accrued at 30 June 2009.

Note 30: Related party disclosures

(a) Ownership interests in related parties
Equity interests in subsidiaries
Details of the percentage of ownership interest held in subsidiaries are disclosed in Note 25 to the financial statements.

(b) Key management personnel remuneration
Details of key management personnel remuneration are disclosed in Note 29 to the financial statements.

(c) Loan disclosures
There were no loans between Vision Australia and its directors or executives.

(d) Transactions with specified directors
By special resolution of members, the constitution of the company was changed in June 2008 allowing payment of director's fees to the Chair, the amount being $25,000 in current year (2008:$25,000).

Note 30: Related party disclosures (cont'd)
Transactions with specified directors (cont'd)

Mr Paul Gleeson, a director of Vision Australia, is a principal of the legal firm Russell Kennedy Pty Ltd, which provides legal services to Vision Australia and its controlled entities on a normal commercial basis and, as such, shares in any legal fees and disbursements which that firm receives from Vision Australia. Legal fees and disbursements paid to Russell Kennedy Pty Ltd during the financial year were $273,0008 (2008: $429,000).

Some directors receive services from Vision Australia as clients on a normal commercial basis and pay the applicable fees, if any, for those services.

Vision Australia paid insurance premiums during the financial year, insuring directors and officers (and any persons who are officers in the future) against certain liabilities incurred in that capacity.

(e) Transactions with other related parties
Other related parties include:

- subsidiaries; and
- current and former key management personnel excluding specific directors covered in (d);

In the current year $8,991,000 (2008:$5,000,000) was distributed to Vision Australia (the company) by Vision Australia Trust. No amounts were forgiven by Vision Australia (the company) in relation to a related party receivable from Vision Australia Trust (2008:$16,584,000). There are no amounts receivable from and payable to related parties as at 30 June 2009 (2008:$Nil). No amounts were provided for doubtful debts relating to debts due from related parties at reporting date (2008:$Nil). No amounts were written back in relation to a related party doubtful debt (2008:$Nil).

(f) Parent entity
The parent entity in the consolidated entity is Vision Australia.

Note 31: Remuneration of auditors

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Audit or review of the Financial Report:				
-current year	135,000	175,400	120,000	155,400
-prior year under-provision	-	8,000	-	8,000
Audit of grant and lottery returns	64,000	85,965	64,000	85,965
	199,000	269,365	184,000	249,365

The auditor of Vision Australia is Deloitte Touche Tohmatsu.

Note 32: Information required by the Charitable Fundraising Act 1991 (NSW)

Fundraising appeals conducted under the Charitable Fundraising Act 1991, included direct mailings, special events, foundation and corporate sponsorship. Other fundraising activities were lotteries and bequests.

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Net surplus from fundraising appeals	10,718	11,651	10,718	11,651
Net surplus from bequests	14,761	18,086	14,761	18,086
Grant income	29,786	29,066	29,786	29,066
Investment income	3,401	3,388	839	5,781
Gain/(loss) on sale of property, plant & equipment	(308)	10,102	(308)	10,102
Sales & fee income	8,253	8,005	8,253	8,005
Distribution from Vision Australia Trust	-	-	8,991	-
Supply cancellation income	2,513	-	2,513	-
Miscellaneous income	869	1,097	869	1,097
	69,993	81,395	76,422	83,788
Applied to charitable purposes				
Cost of client and library & information services	67,155	59,655	67,155	59,655
Applied to organisation and management				
Cost of corporate services	8,160	8,973	7,858	8,634
Cost of marketing services	5,124	4,357	5,124	4,357
SEDA amalgamation	-	122	-	122
Restructure redundancy costs	3,630	-	3,630	-
Impairment of non-current assets	803	-	803	-
Impairment of available for sale investments	12,542	4,191	892	-
Reversal of impairment on non-current assets	(158)	-	(158)	-
Reverse impairment charge on non-current assets held for sale	-	(570)	-	(570)
Donation to Vision Australia Trust	-	-	-	16,584
	30,101	17,073	18,149	29,127
Net surplus/(deficit)	(27,263)	4,667	(8,882)	(4,994)

Note 32: Information required by the Charitable Fundraising Act 1991 (NSW) (cont'd)

	Consolidated				Company			
	2009 $'000	2009 %	2008 $'000	2008 %	2009 $'000	2009 %	2008 $'000	2008 %
Total cost of fundraising/ gross income from fundraising (i)	6,613/ 17,331	38.2	4,380/ 16,031	27.3	6,613/ 17,331	38.2	4,380/ 16,031	27.3
Net surplus from fundraising/ gross income from fundraising (i)	10,718/ 17,331	61.8	11,651/ 16,031	72.7	10,718/ 17,331	61.8	11,651/ 16,031	72.7
Total cost of services/total expenditure (ii)	67,155/ 87,523	76.7	59,655/ 77,738	76.7	67,155/ 87,220	77.0	59,655/ 93,983	63.5
Total costs of services/total income received (ii)	67,155/ 77,010	87.2	59,655/ 78,252	76.2	67,155/ 72,342	92.8	59,653/ 73,317	81.4

In arriving at the total cost of fundraising, both direct and indirect costs have been included.

(i) During the financial year, Vision Australia acquired the assets and liabilities of Seeing Eye Dog Australia (SEDA). Consequently, fundraising income and costs that resulted from this acquisition are included in the above ratios. The SEDA fundraising model that was acquired in this merger differed from the existing Vision Australia fundraising model for example direct marketing and lottery functions are outsourced where in the Vision Australia fundraising model this is performed internally. In order to more accurately compare 2009 with 2008 fundraising ratios the following table is presented excluding income and expenditure pertaining to SEDA:

	Consolidated				Company			
	2009 $'000	2009 %	2008 $'000	2008 %	2009 $'000	2009 %	2008 $'000	2008 %
Total cost of fundraising/ gross income from fundraising (i)	4,744/ 13,881	34.2	4,380/ 16,031	27.3	4,744/ 13,881	34.2	4,380/ 16,031	27.3
Net surplus from fundraising/ gross income from fundraising (i)	9,137/ 13,881	65.8	11,651/ 16,031	72.7	9,137/ 13,881	65.8	11,651/ 16,031	72.7

(ii) In arriving at total expenditure, adjustments have been made to exclude impairment charges or one-off redundancy costs arising from restructure. Impairment charges are disclosed on the face of the income statement and redundancy costs are disclosed above. Furthermore, in arriving at total income received, adjustments have been made to exclude realised gains/losses on disposal of investments and property, plant & equipment, distributions from subsidiaries and one-off supply cancellation income. Realised gains and losses are disclosed in note 6(a) and distributions from subsidiaries and supply cancellation income are disclosed in note 5.

Note 33: Impairment – Available for Sale Investments

In the year an impairment expense of $12,542,000 (2008 $4,191,000) against "available for sale investments" was made to the income statement. This charge is based on an interpretation of accounting standard AASB 139 –Financial Instruments: Recognition and Measurement.

When the market value of a stock held in our investment portfolios is below cost it is reviewed for impairment. The interpretation of impairment that has been used in the preparation of these accounts is that an impairment will have occurred when a stock has traded below its cost for more than 12 months or , at balance date , has a market value 20% or more less than its cost.

Members should note that all investments are continuously marked to market, that is, valued at their closing market price. Furthermore the stocks that have been impaired have not been sold by the company. Therefore the processing of the impairment expense, has had no affect on the cash flow of the company.

Note 34: Restructuring Costs

In the year Vision Australia undertook a review of its operations to reduce its future recurrent operating costs whilst maintaining cores services. This resulted in a number of redundancies and the restructuring of some non-core, uneconomic business units.

	Consolidated and Company
	2009 $'000
Termination Benefits	3,806
Write down in inventory value of discontinued product offerings	805
	4,611

Note 35: Subsequent events

As disclosed at Note 15 the amount payable to the Royal Blind Foundation of Queensland (RBFQ) need not be paid before 1 January 2010 but may be called on sooner should monetary relief be awarded to Comprite Pty Ltd in a legal matter between Comprite Pty Ltd and RBFQ.

On 14 August 2009 a confidential agreement was reached between Comprite Pty Ltd and RBFQ and as a result of this agreement RBFQ has requested and Vision Australia has agreed to pay part of the outstanding loan balance to RBFQ, to satisfy the terms of the agreement.

Note 35: Subsequent events (cont'd)

Not withstanding the above, there have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

Executives' declaration

The Chief Executive Officer and the General Manager Corporate Services of Vision Australia declare that:

(a) in the executives' 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; and

(b) in the executives' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and in compliance with the Charitable Fundraising Act, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Gerard Menses	David Speyer, ACA
Chief Executive Officer	General Manager Corporate Services
Melbourne, Australia	Melbourne, Australia
29 September 2009	29 September 2009

Directors' declaration

The directors declare that:

(a) 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; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors

Kevin F Murfitt	Paul G Gleeson
Director	Director
Melbourne, Australia	Melbourne, Australia
29 September 2009	29 September 2009