Financial Report

For the year ended 30 June 2018

Vision Australia Limited and Controlled Entities
ACN 108 391 831

Vision Australia

Blindness. Low Vision. Opportunity.

Directors' Report

Directors

Andrew Moffat (Chair)
Bill Jolley (Deputy Chair from 25/10/17)
Cameron Roles
Caroline Waldron
Darren Fittler
Heith Mackay-Cruise
Sara Watts
Sharon Bentley
Stephen O'Brien
Don Fraser (retired 25/10/17)
Lyn Allison (retired 25/10/17)
Theresa Smith-Ruig (retired 25/10/17)

Chief Executive Officer

Ron Hooton

Company Secretaries

David Speyer (appointed 03/04/18)
Stephen Crook (until 02/04/18)

Principal and Registered Office

454 Glenferrie Road
Kooyong Vic 3144

Incorporation

Vision Australia Limited ABN 67 108 391 831, incorporated on 11 May 2004 as a public company limited by guarantee.

Charitable Status, tax concessions and fundraising

Vision Australia Limited is a Public Benevolent Institution (PBI). It is endorsed as an Income Tax Exempt Charity and receives certain other tax concessions and exemptions consistent with its status of a PBI which relates to Goods and Services Tax and Fringe Benefits Tax. Vision Australia Limited has been endorsed by the Australian Tax Office as a Deductible Gift Recipient (DGR).

External Auditors

KPMG
727 Collins Street
Melbourne Vic 3008

Internal Auditors

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne Vic 3000

Bankers

National Australia Bank
500 Bourke Street
Melbourne Vic 3000

Investment Advisors

Evans and Partners
171 Collins Street
Melbourne, VIC 3000

Fundraising

Vision Australia Limited is registered under applicable fundraising legislation in each State where it raises funds as follows: New South Wales 18187 / Queensland CH1578 / Victoria 8033 / South Australia CCP1702 / Western Australia 21190.

Website

www.visionaustralia.org

Directors' Report

The Directors of Vision Australia Limited (the Company) submit herewith the annual report of the Company and its controlled entities (the Vision Australia consolidated entity) for the financial year ended 30 June 2018.

1. Information about the Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Directors Name	Particulars	Special Responsibilities
Andrew Moffat BCom, LLB, Chair	Accredited Mediator, Senior Fellow – University of Melbourne	• Audit, Finance and Risk Committee • Vision Australia Foundation Board • People & Culture Committee • Client Services Committee
Bill Jolley, BA Hons (Mathematical Statistics), MAICD, Dip. Bus. (Gov.), FICDA Deputy Chair (from 25/10/17)	Retired Public Servant	• People and Culture Committee (until 25/10/17) • Client Services Committee • Audit, Finance and Risk Committee (from 25/10/17)
Cameron Roles, BA LLB, LLM	Senior Lecturer	• People & Culture Committee • Audit, Finance and Risk Committee (from 25/10/17)
Caroline Waldron, LLB (Hons) London, FCIS, GAICD	Senior Professional with legal and commercial experience in technology, infrastructure, retail, healthcare and professional services sectors	• Client Services Committee (Chair until 25/10/17) • People and Culture (Chair from 25/10/17)
Darren Fittler BSW (Bachelor of Social Work), LLB	Partner, Gilbert + Tobin Lawyers	• People & Culture Committee • Client Services Committee (from 25/10/17)

Directors' Report

Directors Name	Particulars	Special Responsibilities
Heith Mackay-Cruise, BEc, FAICD	Company Director	• Vision Australia Foundation Board (Chair)
Sara Watts, BSc, MBA, FCPA, FAICD	Company Director	• Audit, Finance and Risk Committee (Chair) • Vision Australia Foundation Board
Associate Professor Sharon Bentley BScOptom, MOptom, PhD, MPH, FAAO, FACO, GAICD	Head, School of Optometry and Vision Science Queensland University of Technology	• Client Services Committee • People and Culture
Stephen O'Brien MA (Greats), MBA	Senior Professional specialising in strategy and business change for service sector organisations	• Client Services Committee (Chair from 25/10/17)
Don Fraser, BSc (Hons), Dip Ed, MBA, M.Comm.Law, DBA, FACS, FAICD (retired 25/10/17)	Business Manager	• People & Culture Committee (until 25/10/17)
Lyn Allison, Bed (retired 25/10/17)	Former Senator	• Audit, Finance and Risk Committee (until 25/10/17)
Theresa Smith-Ruig, PhD, B Com (Hons), Deputy Chair (retired 25/10/17)	Senior Lecturer	• People & Culture Committee (Chair until 25/10/17) • Audit, Finance and Risk Committee (until 25/10/17)

2. Company Secretary

David Speyer ACA, GAICD (appointed 03/04/18)
Stephen Crook, CA, AGIA (until 02/04/18)

Directors' Report

3. 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 seven Board meetings, six Audit, Finance and Risk Committee meetings, four Client Service Committee meetings, four People and Culture Committee meetings and five Vision Australia Foundation (VAF) Board meetings.

	Date Appointed	Board		Audit, Finance and Risk Committee		Client Services Committee		People and Culture Committee		VAF Board	
		M	A	M	A	M	A	M	A	M	A
Andrew Moffat (Chair)	26 Aug 11	7	7	6	5	4	4	4	3	5	4
Theresa Smith-Ruig	26 Jun 07	2	2	2	2			1	1		
Bill Jolley	01 Jul 14	7	7	4	4	4	4	1	0		
Cameron Roles	29 Oct 15	7	6	4	4			4	4		
Caroline Waldron	08 Nov 13	7	6			4	4	3	3		
Darren Fittler	26 Oct 16	7	6			3	3	4	4		
Don Fraser	31 Jul 08	2	2					1	1		
Heith Mackay-Cruise	08 Nov 13	7	7							5	5
Lyn Allison	31 Jul 08	2	2	2	2						
Sara Watts	08 Nov 13	7	7	6	6					5	4
Sharon Bentley	06 May 15	7	7			4	4	3	3		
Stephen O'Brien	26 Oct 16	7	7			4	4				

M - Number of meetings Directors could have attended
A - Number of meetings attended.

Directors' Report

4. Corporate governance

The Board supports the corporate governance principles and recommendations established by the Australian Stock Exchange (ASX) Corporate Governance Council and has prepared these general purpose financial statements in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Reduced Disclosure Requirements. Vision Australia Limited is not a listed company and has no obligation to adopt the ASX principles, however it has applied the principles insofar as it is sensible and realistic to do so in the context of a large, not-for-profit organisation and with due regard to the scope of its operations and level of client, donor, and other stakeholder interest. In fiscal year 2018, the ASX Principles have been applied in the following ways:

4.1 Foundations for management and oversight

The role of the Board is to direct the activities of Vision Australia Limited and set the strategy towards ensuring the achievement of its vision, mission and objectives. The Board operates under a charter that details its functions and responsibilities and can be viewed on the Vision Australia website at https://visionaustralia.org/about-us/governance.

In addition to the matters required by law, the Directors are responsible for:

- Protecting the rights and interests of members of Vision Australia and to be accountable to them for the overall management of the company;
- Setting the strategic direction of the Company;
- Determining the organisation's culture through values, establishing high ethical standards, and living the culture, values and standards in all of the Board's actions;
- Reviewing Company progress and appraise management's performance against the strategy, policies, business plan and budget;
- Appointment of a Chair, Deputy-Chair(s);
- Setting corporate governance principles and policies;
- Establishing delegations of authority that permit the CEO to manage the company;
- Considering and deciding on any matters outside the delegations of the CEO;
- Establishing Board committees, their membership, Chair and delegated authorities and approving their charters; and
- Monitoring compliance with all legal and regulatory obligations.

The Board formally delegates responsibility for Vision Australia Limited's day-to-day operations and administration to the CEO and executive management. A delegated authority document sets out staff decision making responsibilities and appropriate financial and contractual thresholds. Annual reviews are conducted on the appropriateness of the delegated authorities, and any material breaches are reported to the Board.

The Board annually reviews its charter and performance.

Directors' Report

4.2 Board structure

Directors, including the Chair, are independent Non-Executive Directors. Vision Australia Limited's constitution requires no fewer than six and no more than nine Directors. There are nine Directors at 30 June 2018.

At each general meeting one-third of the Directors including any other Director who has held office for three years or more since last being elected, must retire from office. They are eligible for re-election subject to the maximum tenure of nine years with the exception of the Chair who has a maximum tenure of twelve years. The Board's policies relating to tenure and Director appointment are contained in the Board Charter which can be viewed on the Vision Australia website at https://visionaustralia.org/about-us/governance.

No employee of Vision Australia Limited, including the CEO, can be a Director of Vision Australia Limited, though they may be Directors of subsidiaries of Vision Australia Limited. Directors act in a voluntary capacity except for the Chair who is remunerated in accordance with the Constitution.

Profiles of the Directors are provided on the Vision Australia website.

4.3 Ethical and responsible decision making

As a for-purpose organisation, Vision Australia has a responsibility to all our stakeholders to ensure we maintain the highest standards of professionalism; excellence in service delivery; that we create a positive and safe environment to work; and that we demonstrate behaviours that are consistent with Vision Australia's values. Vision Australia has a Charter of Professional Behaviours that defines the standards of behaviours which we expect from all those who are associated with Vision Australia. We aim to demonstrate the highest level of professionalism to reflect our commitment to the Vision Australia community.

The Charter states the values and policies of Vision Australia Limited and complements the Company's risk management and internal control practices. The Charter is reviewed and updated to ensure that it reflects current good practice, and to promote the ethical behaviour of all employees.

Vision Australia Limited has policies and procedures in place including a protected disclosure policy ensuring that any form of discrimination, harassment, bullying or occupational violence is dealt with appropriately.

4.4 Safeguarding integrity and financial reporting

In addition to the Charter of Professional Behaviours, as a support to ethical and responsible decision making, the Board undertakes the responsibility for safeguarding integrity and financial reporting through the structured program of Board governance and compliance and the committees of the Board.

4.5 Timely and balanced disclosure

Vision Australia Limited has media policies, vetting and authorisation processes designed to ensure that announcements and communications to all stakeholders:

- are made in a timely manner and are factual;
- do not omit material information whether positive or negative; and
- are expressed in a clear and objective manner.

4.6 Respecting rights of members

Vision Australia Limited does not have shareholders but has members and stakeholders. Vision Australia Limited provides open, regular and timely information to members using electronic and other means. This includes providing access to the Annual Report to members prior to the Annual General Meeting.

The Board actively seeks feedback and information from a range of sources including client surveys, information sessions and focus groups.

In addition to this, the Client Reference Group liaises with Vision Australia's Directors and, at the request of the Board, advises on general matters of service delivery and other important blindness and vision related matters.

The Client Reference Group members share their knowledge and / or lived experience of matters related to their portfolios. The individual group members provide advice and feedback regarding Vision Australia's program initiatives. They may identify issues related to their portfolios upon which Vision Australia may seek further community opinion (through the Client Engagement team). They also may provide new ideas arising from their contacts and expertise.

Client Reference Group members are able to analyse and consider reports and papers provided by Vision Australia. Group members are also able to inform Vision Australia of the concerns and interests of the blindness and low vision community. The Group meets with Vision Australia's Board of Directors in person twice a year, and at least twice a year by teleconference.

Vision Australia Limited has many stakeholders, including members, clients and their families, donors, benefactors, staff, volunteers, the broader community, suppliers and government agencies who provide us with funding and regulate our operations. We adopt a consultative approach with our stakeholders.

4.7 Recognising and managing risk

The Board is responsible for ensuring the adequacy of Vision Australia Limited's risk management and is assisted in doing this by the Audit, Finance and Risk Committee. This includes ensuring the establishment, implementation and annual review of Vision Australia Limited's risk management systems, ensuring that they are designed to protect the Company's reputation and manage key business, strategic and financial risks which could prevent Vision Australia Limited from achieving its objectives.

The Audit, Finance and Risk Committee reviews the Strategic Risk Framework, the Business Continuity Plan and the Disaster Recovery Plan on a regular basis and satisfies itself that management has appropriate systems in place for managing risk and maintaining internal controls. The Audit, Finance and Risk Committee also assesses whether risks assigned by the Board to other Board committees are being appropriately managed and reported to the Board.

The CEO and senior management team are responsible for identifying, evaluating and monitoring risk in accordance with the risk management framework. Senior management are responsible for the accuracy and validity of risk information reported to the Board and also for ensuring clear communication of the Board and senior management's position on risk throughout the Company.

In particular, at the Board and senior management strategy planning sessions held throughout the year, the CEO and management team review and report key business, strategic and financial risks.

4.8 Remunerating fairly and responsibly

Directors serve on a voluntary basis and do not receive remuneration with the exception of the Chair who is remunerated as approved by members under clause 1.4 of the Constitution. Reimbursement is made to Directors for reasonable expenses directly related to Board activities such as travel, accommodation and meals.

4.9 Committees

To assist the Board in fulfilling its duties it has established three committees:

- Audit, Finance and Risk Committee
- Client Services Committee
- People and Culture Committee

Each committee has a formal charter which is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. With the exception of certain limited delegations contained in their charters, recommendations of the committees are to be referred to the Board for approval.

Directors’ Report

In addition to the committees listed above, Vision Australia is the sole beneficial owner of the assets of the Vision Australia Trust. The Vision Australia Foundation is the Trustee of the Trust and operates pursuant to the Trust Deed and a Charter established by Vision Australia for the conduct of the Trustee.

Details of the committees, their charters and main functions are summarised below.

Audit Finance and Risk Committee

The purpose of the Audit, Finance and Risk Committee is to provide oversight of:

a) The integrity of the Company’s financial statements, financial reporting processes and financial management;

b) The Company’s compliance with legal and regulatory requirements;

c) The performance of the Company’s internal and external audit functions and;

d) The Company’s attitude to, and management of, risk.

The role of the Committee is to:

- Provide strategic financial, business and commercial advice to management;
- Assess the quality and accuracy of the Company’s financial statements and financial reporting;
- Evaluate the adequacy of the Company’s financial controls and systems;
- Oversee the Company’s discharge of its responsibilities with respect to:
  - the financial statements, financial report and annual report;
  - legal/regulatory compliance;
  - protection of capital;
  - business policies and practices; and
  - risk management systems;
- Oversee the Company’s relationship with the external and internal auditors;
- Oversee the Company’s risk management processes and procedures; and
- Ensure an ethical culture has been embedded throughout the Company.

In fulfilling its responsibilities, the Audit, Finance and Risk Committee:

- receives regular reports from management and the internal and external auditors; and
- meets separately with the external and internal auditors without the presence of management.

Directors' Report

The performance of the external auditor is reviewed annually. An analysis of fees paid to the external auditors, including break-down of fees for non-audit services, is provided in the notes to the financial statements. The external auditor is required to attend the Annual General Meeting and be available to answer member questions about the conduct of the audit and the preparation and content of the audit report.

The CEO and the Chief Financial Officer state in writing to the Board each reporting period that, in their opinion, Vision Australia Limited's financial reports present a true and fair view of its financial position and performance, and are in accordance with relevant Accounting Standards.

Internal audit is undertaken to review Vision Australia Limited's systems, policies, processes, practices and procedures. The internal audit function is conducted by Deloitte Touche Tohmatsu and their independence and objectivity is safeguarded by direct access to the Chair of the Audit, Finance and Risk Committee.

The Audit, Finance and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. The Audit, Finance and Risk Committee Charter can be viewed on the Vision Australia website at https://visionaustralia.org/about-us/governance.

Committee members during and throughout the year were:

- Sara Watts (Chair)
- Andrew Moffat
- Sam Lobley (Co-opted member)
- Tim Boyle (Co-opted member)
- Lyn Allison (retired 25/10/17)
- Theresa Smith-Ruig (retired 25/10/17)
- Cameron Roles (appointed 25/10/17)
- Bill Jolley (appointed 25/10/17)

Client Services Committee

The purpose of the Client Services Committee is to provide governance oversight of the services provided to clients of Vision Australia, acting on delegation from the Vision Australia Limited Board.

The role of the Committee is to provide governance oversight of:

- the Organisation's engagement with clients where this identifies emerging trends in service delivery need or issues with current services;
- the quality of services provided to Vision Australia clients, particularly to ensure that evidence-based services are delivered; and
- clinical and service delivery risk management, in particular with respect to professional registration, accreditation and legislation.

The main functions of the Committee include:

- overseeing strategies and plans for quality improvement, clinical governance, evaluating client and volunteer participation and client based research activities;
- receiving and reviewing, by exception, all audits or reviews pertaining to service delivery, quality and clinical governance and monitoring management responses;
- receiving and reviewing reports on the management of complaints, outcome measures, client satisfaction results and monitoring management responses; and
- reporting to the Board on the matters listed above.

Committee members during and throughout the year were:

- Caroline Waldron (Chair until 25/10/17)
- Sharon Bentley
- Bill Jolley
- Andrew Moffat
- Stephen O'Brien (Chair from 25/10/17)
- Darren Fittler (from 25/10/17)

The Client Services Committee charter can be viewed on the Vision Australia website at https://visionaustralia.org/about-us/governance.

People and Culture Committee

The purpose of the People & Culture Committee is to provide governance oversight of the human resource management and culture of Vision Australia, acting on delegation from the Vision Australia Board.

The role of the Committee is to provide governance, oversight of and advice and guidance to management regarding:

- Human resources strategy, policies and practices to:
  - make the best use of the volunteer and staff resources employed;
  - promote an inclusive workplace and organisational culture that is consistent with the organisation's mission to "support people who are blind or have low vision to live the life they choose";
  - enable clients, volunteers, staff, contractors and members of the general public to be safe in all workplaces; and
  - comply with all relevant legal requirements;
- Remuneration policies and practices and succession planning which enables the attraction and retention of executive leaders; and
- Induction and continuing professional development for Directors.

Directors' Report

Committee members during and throughout the year were:

- Theresa Smith-Ruig (Chair until 25/10/17)
- Don Fraser (until 25/10/17)
- Andrew Moffat
- Bill Jolley (until 25/10/17)
- Cameron Roles
- Darren Fittler
- Caroline Waldron (Chair from 25/10/17)
- Sharon Bentley (from 25/10/17)

The People and Culture Committee charter can be viewed on the Vision Australia website at https://visionaustralia.org/about-us/governance.

Vision Australia Foundation, Trustee of the Vision Australia Trust

The Vision Australia Foundation (the Foundation) is the Trustee of the Vision Australia Trust (the Trust) and is responsible for managing and administering the Trust in accordance with the Vision Australia Trust Deed and all applicable laws.

In acting as trustee of the Trust in accordance with the Trust Deed, the Foundation:

- manages the assets of the Trust in keeping with the objectives of the Trust and the powers set out in the Trust Deed;
- monitors the composition and performance of the Trust's investment portfolio including the performance of the investment managers managing the fund;
- monitors the composition and performance of the Trust owned property assets including oversight of Vision Australia Limited's property services management and/or the performance of any property managers managing the property assets; and
- distributes the Trust's income to Vision Australia Limited or retains it (as per clause 5.2 of the Trust Deed).

The Charter of the Vision Australia Foundation as Trustee of the Vision Australia Trust can be found on the Vision Australia website at https://visionaustralia.org/about-us/governance.

Directors' Report

Directors of the Foundation during and throughout the year were:

- Heith Mackay-Cruise – (Chair)
- Sara Watts
- Andrew Moffat
- Tim Boyle
- David Hodgson
- Nick Anagnostou
- Nicki Ashton
- Ron Hooton

Secretary of the Foundation during the year was:

- David Speyer (Secretary appointed 03/04/18)
- Stephen Crook (Secretary until 02/04/18)

5. Principal Activities

The principal activities of the Vision Australia consolidated entity during the financial year were the provision of services, programs and goods to people who are blind or have low vision.

6. Review of Operations

6.1 Highlights

During the financial year Vision Australia has continued to fulfil its mission of supporting people who are blind or have low vision to live the life they choose.

Consolidated activities during the 2018 financial year returned a surplus of $5,369,000 (2017: surplus of $3,871,000) which after adjusting for non-operating items, provided a recurring operating deficit of $10,032,000 (2017: surplus $8,007,000) refer note 6.3 below.

By comparison to the previous financial year, the recurring operating deficit of $10,032,000 (2017: $8,007,000 surplus) is a decrease of $18,039,000. This result is largely attributable to lower legacies and gifts-in-wills income.

The net assets of the Vision Australia consolidated entity increased by $11,562,000 made up of current year surplus of $5,369,000 plus a net increase in realised gain/(loss) on equity investments and change in fair value of financial assets of $6,193,000 during the year.

Directors' Report

6.2 Revenue

In 2018 Vision Australia consolidated entity's revenue was $99,337,000 (2017: $111,067,000) a decrease of $11,730,000 or a negative 10.6%.

The decrease in revenue is predominantly due to lower legacies, gifts in wills and donations of $13,997,000, lower grant income of $477,000, offset by higher sales of goods and services of $3,170,000.

6.3 Surplus for the year

	2018 $'000	2017 $'000
Adjusted recurring Operating (Deficit) / Surplus	(10,032)	8,007
Adjust for non-operating costs:		
Net gain / (loss) on disposal of assets (note 3.4)	20,094	(29)
Impairment losses (note 3.5)	(3,728)	(2,707)
Restructuring expenses	(965)	(1,400)
Reported Surplus for the year	5,369	3,871

Total realised gain on equity investments through other comprehensive income amounts to $3,440,000 (2017: $451,000).

6.4 Impairments

In 2018, impairment losses in respect of property, plant and equipment was recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income at a value of $3,728,000 (2017: $2,707,000). This impairment resulted for those properties where book the value exceeded market value based on independent external valuation reports (note 3.5).

Directors' Report

7. Matters subsequent to the end of the financial year

On 27th June 2018, the Company entered into a sale purchase agreement to acquire 100% of Quantum Technology Pty Ltd with the effective date being 5th July 2018. Subsequent to year end, on 5th July 2018, the Company proceeded with the acquisition thereby acquiring full ownership of Quantum Technology Pty Ltd.

Other than disclosed above, there has not been any other matter or circumstance occurring subsequent to the end of the financial 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 financial years.

8. Future developments

Notwithstanding the dynamic external environment in which the Company operates, in the opinion of the Directors, there are no likely changes in the operations of the Company which are expected to adversely affect the results of the Company in subsequent financial years.

9. Significant changes in the state of affairs

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

10. Members' guarantee

Vision Australia Limited is a Company limited by guarantee and does not have share capital. The contribution of each member to its debts and liabilities in the event of a winding up is restricted to an amount not exceeding $25.

There were 298 members at 30 June 2018 (2017: 362).

11. Indemnification of officers and auditors

Vision Australia Limited 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 Limited 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 Limited.

Directors' Report

12. Proceedings on behalf of the company

There were no proceedings on behalf of the Company during the financial year.

13. Auditor's independence declaration

The auditor's independence declaration is set out on page 56 and forms part of the Directors' Report for the financial year ended 30 June 2018.

14. Rounding off of amounts

Vision Australia Limited is a Company of the kind referred to in ASIC corporations (Rounding in Financial / Directors' Reports) instrument 2016/191. In accordance with that instrument, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

15. Environmental regulation

Vision Australia Limited's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors:

Andrew Moffat
Director
29 August 2018

Heith W. Mackay-Cruise

Heith Mackay-Cruise
Director
29 August 2018

Contents

Contents

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue	2.1	99,337	111,067
Purchase of materials, consumables and movement in inventories		(8,340)	(6,552)
Employee benefits expense		(62,506)	(59,782)
Depreciation and amortisation expense	3.5,3.6	(4,214)	(3,715)
Occupancy expense		(6,960)	(6,083)
Communications expense		(1,542)	(1,515)
Transport expense		(3,847)	(3,756)
Professional and management fees		(4,313)	(4,533)
Equipment and technology expense		(3,151)	(2,361)
Events and fundraising expense		(11,872)	(12,214)
Other expenses		(2,624)	(2,549)
Net gain/(loss) on disposal of assets	2.2	20,094	(29)
Net impairment expense – property, plant and equipment	3.5	(3,728)	(2,707)
Restructuring expenses		(965)	(1,400)
SURPLUS FOR THE YEAR		**5,369**	**3,871**
Other comprehensive income			
Items that may be reclassified subsequently to surplus or deficit:			
Change in fair value of financial assets measured at fair value through other comprehensive income		2,753	4,114
Realised gain on equity investments		3,440	451
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,562**	**8,436**

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	4.2	21,259	18,813
Trade and other receivables	3.1	6,129	3,986
Other financial assets	3.2	11,776	304
Inventories	3.3	2,106	1,626
Other current assets		1,419	1,007
Assets classified as held for sale	3.4	17,605	28,151
Total current assets		**60,294**	**53,887**
Non-current assets			
Trade and other receivables	3.1	11	79
Other financial assets	3.2	121,147	117,798
Property, plant and equipment	3.5	71,615	65,471
Intangible assets	3.6	6,500	6,019
Total non-current assets		199,273	189,367
Total assets		**259,567**	**243,254**
Current liabilities			
Trade and other payables	4.1	8,600	8,574
Provisions	5.1	8,465	9,303
Grants received in advance		12,064	6,629
Total current liabilities		**29,129**	**24,506**
Non-current liabilities			
Trade and other payables	4.1	3	3
Provisions	5.1	1,326	1,198
Total non-current liabilities		**1,329**	**1,201**
Total liabilities		**30,458**	**25,707**
Net assets		**229,109**	**217,547**
Equity			
Retained surplus		215,871	207,062
Reserves		13,238	10,485
Total equity		**229,109**	**217,547**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2018

	Retained Surplus $'000	General Reserve $'000	Asset Revaluation Reserve $'000	Total $'000
Balance at 1 July 2016	202,740	3,947	2,424	209,111
Realised gain / (loss) on equity investments and change in fair value of financial assets	-	-	4,565	4,565
Transfers to retained surpluses	451	-	(451)	-
Other Comprehensive Income	**451**	**-**	**4,114**	**4,565**
Surplus for the year	3,871	-	-	3,871
Total comprehensive income for the year	**4,322**	**-**	**4,114**	**8,436**
Balance at 30 June 2017	**207,062**	**3,947**	**6,538**	**217,547**
Balance at 1 July 2017	**207,062**	**3,947**	**6,538**	**217,547**
Realised gain / (loss) on equity investments and change in fair value of financial assets	-	-	6,193	6,193
Transfers to retained surpluses	3,440	-	(3,440)	-
Other Comprehensive Income	**3,440**	**-**	**2,753**	**6,193**
Surplus for the year	5,369	-	-	5,369
Total comprehensive income for the year	**8,809**	**-**	**2,753**	**11,562**
Balance at 30 June 2018	**215,871**	**3,947**	**9,291**	**229,109**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Cash receipts from operations		101,249	97,619
Interest received		(491)	26
Dividends received		6,452	6,875
Payments to suppliers and employees		(112,328)	(104,741)
Bank charges and borrowing costs		(287)	(229)
Net cash used in operating activities		**(5,405)**	**(450)**
Cash flows from investing activities			
Payment for property, plant and equipment	3.5	(18,360)	(8,387)
Payment for intangible assets	3.6	(421)	(442)
Payment for investments and term deposits		(125,061)	(105,108)
Proceeds from sale of property, plant and equipment		368	141
Proceeds from sale of property, and non-current assets classified as held for sale		34,486	819
Proceeds from sale of investments		116,839	116,240
Net cash from investing activities		**7,851**	**3,263**
Cash flows from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		**2,446**	**2,813**
Cash and cash equivalents at the beginning of the financial year		18,813	16,000
Cash and cash equivalents at the end of the financial year	4.2	**21,259**	**18,813**

The accompanying notes form part of these financial statements.

Note to the financial statements for the year ended 30 June 2018

1. About this report

1.1 Reporting Entity

Vision Australia Limited ("the Company") is a company limited by guarantee, incorporated in Australia and operating in Australia.

The Company's registered office and its principal place of business are as follows:

454 Glenferrie Road
KOOYONG Vic 3144
Tel: 1300 84 74 66

The financial statements of Vision Australia consolidated entity ("the Group") consist of Vision Australia Limited and its controlled entities.

1.2 Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Reduced Disclosure Requirements, and comply with other requirements of the law including Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Section 24(2) of the Charitable Fundraising Act (NSW) 1991.

These financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

The financial report was authorised for issue by the Directors on 29 August 2018.

Rounding off of amounts

Vision Australia Limited is a Company of the kind referred to in ASIC corporations (Rounding in Financial / Directors' Reports) instrument 2016/191. In accordance with that instrument, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

2. Results for the year

2.1 Revenue and other income

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

	2018 $'000	2017 $'000
Revenue from operations consisted of the following items:		
Revenue from the sale of goods	8,306	6,168
Revenue from services rendered	5,791	4,759
Commonwealth Government grant income	16,703	15,564
State Government grant income	18,557	20,173
Legacies, gifts in wills and donations	41,804	55,801
Rental revenue	677	784
Interest revenue	361	403
Dividend revenue	6,452	6,875
Other revenue	686	540
Total	**99,337**	**111,067**

Accounting Policy

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 recognised in deferred income and will be brought to account in future years as the funds are expended.

Revenue is measured at the fair value of the consideration received or receivable.

Donations, Gifts in Wills and Estates

Revenue from estates is recognised when the Group 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 gifts in wills, where the designated expenditure for such gifts in wills 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 trade and other payables and will be brought to account in future years as the funds are expended. Revenue from donations is recognised at the time of receipt.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

2.1 Revenue and other income (cont'd)

Accounting Policy (cont'd)

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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Rendering of Services

Revenue is recognised when the contract outcome can be reliably measured, control of the right to be compensated for the services determined and the stage of completion can be readily measured.

The stage of completion is determined for revenue for time and material contracts at the contractual rates as labour hours delivered and direct expenses incurred. Services revenue is recognised when services have been delivered.

Contributions of Assets

Revenue arising from the contribution of assets is recognised when the Group gains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Group and the amount of the contribution can be measured reliably. Revenue from contributed assets is recorded at fair value at the date that control of the assets is assumed by the Group.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

2.1 Revenue and other income (cont'd)

Accounting Policy (cont'd)

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount or revenue can be measured reliably.

Interest income is accrued 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 on initial recognition.

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 Group and the income can be reliably measured.

2.2 Net gain / (loss) on disposal of assets

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

	2018 $'000	2017 $'000
Gain on disposal of property, plant and equipment	88	32
Gain / (Loss) on disposal of assets held for sale (note 3.4)	20,006	(676)
Derecognition of impairments on disposal of investments	-	615
Total	**20,094**	**(29)**

Total realised gain on equity investments through other comprehensive income amounts to $3,440,000 (2017: realised gain $451,000).

Note to the financial statements for the year ended 30 June 2018 (cont’d)

3. Members’ assets

3.1 Trade and other receivables

	2018 $’000	2017 $’000
Current		
Trade receivables (i)	2,677	1,967
Allowance for doubtful debts	(286)	(167)
Sub total	**2,391**	**1,800**
Interest and dividends receivable	2,448	1,596
Accrued income	1,290	438
Net Goods and services tax recoverable	-	152
Sub total	**6,129**	**3,986**
Non-current		
Sundry debtors	**11**	**79**
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	167	114
Amounts recovered during the year	(145)	(93)
Amounts provided for during the year	264	146
Balance at the end of the year	**286**	**167**

(i) The credit period provided by Vision Australia Limited on sales of goods and services is 30 days from the date of the invoice. 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.

Receivables past due but not impaired are considered collectible despite being outside Vision Australia Limited’s standard terms of trade as there are a number of debtors (typically business and government) that pay in 60 – 90 day cycles. This results in amounts being in the 90+ day category.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.1 Trade and other receivables (cont'd)

Accounting Policy

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 amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2 Other financial assets

	2018 $'000	2017 $'000
Current		
Financial assets measured at amortised cost:		
Interest bearing deposits	776	304
Financial assets designated at fair value through other comprehensive income:		
Managed trusts and funds – equity securities	4,000	-
Interest bearing securities	4,000	-
Shares – equity securities	3,000	-
Sub total	**11,776**	**304**
Non-current		
Financial assets designated at fair value through other comprehensive income:		
Managed trusts and funds – equity securities	53,629	17,604
Interest bearing securities	29,476	37,829
Shares – equity securities	38,042	62,365
Sub total	**121,147**	**117,798**

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.2 Other financial assets (cont'd)

Accounting Policy

Financial assets

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

Financial assets are classified into either amortised cost or fair value depending on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets measured at amortised cost

Investments with fixed or determinable receipts and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as financial assets measured at amortised cost. Investments are recorded at amortised cost using the effective interest method less any impairment.

Financial assets measured at fair value

Certain securities held by the Group are classified as being financial assets measured at fair value and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the asset revaluation reserve with the exception of impairment losses and interest calculated using the effective interest method, which are recognised in profit or loss. Where the investment is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in the asset revaluation reserve is reclassified to profit or loss.

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 the statement of profit or loss and other comprehensive income.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.2 Other financial assets (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognised in profit and loss.

3.3 Inventories

	2018 $'000	2017 $'000
Goods available for sale at cost	2,226	1,690
Provision for stock obsolescence	(120)	(64)
Total	**2,106**	**1,626**

Inventories are stated 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.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.4 Non-current assets classified as held for sale

	2018 $'000	2017 $'000
Assets classified as held for sale	17,605	28,151
Total assets classified as held for sale	**17,605**	**28,151**

(i) Assets held for sale in 2017 comprised of a property at 4 Mitchell Street, Enfield which was settled on 31 July 2017 for $34,486,000 realising a gain on sale of $20,006,000.

(ii) Assets held for sale in 2018 are comprised of properties at 346 Macaulay Rd Kensington and 301-303 Kingsway Caringbah. These properties are classified as asset held for sale and the Group remains committed to the sale.

Accounting Policy

Assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell and 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 Group's control and the Group remains committed to a sale.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.5 Property, plant and equipment

	Land at cost $'000	Buildings at cost $'000	Furniture, plant and equipment at cost $'000	Motor vehicles at cost $'000	Computers at cost $'000	Capital work in progress $'000	Total $'000
Gross carrying amount							
Balance at 30 June 2017	28,375	43,039	13,571	891	7,567	4,485	97,928
Additions	-	179	774	-	547	16,860	18,360
Transfer to held for sale	(3,004)	(3,809)	-	-	-	-	(6,813)
Transfers	-	17,882	485	(39)	276	(18,604)	-
Transfer to intangible assets	-	-	-	-	-	(1,638)	(1,638)
Disposals	-	(21)	(2,230)	(826)	(3,922)	-	(6,999)
Balance at 30 June 2018	**25,371**	**57,270**	**12,600**	**26**	**4,468**	**1,103**	**100,838**
Accumulated depreciation and impairment							
Balance at 30 June 2017	(490)	(12,432)	(12,591)	(580)	(6,364)	-	(32,457)
Disposals	-	20	2,183	597	3,919	-	6,719
Net impairment expenses charged to surplus (i)	(2,609)	(1,119)	-	-	-	-	(3,728)
Transfer to held for sale	316	2,563	-	-	-	-	2,879
Depreciation expense	-	(1,408)	(481)	(32)	(715)	-	(2,636)
Balance at 30 June 2018	**(2,783)**	**(12,376)**	**(10,889)**	**(15)**	**(3,160)**	**-**	**(29,223)**
Net book value							
As at 30 June 2017	27,885	30,607	980	311	1,203	4,485	65,471
As at 30 June 2018	**22,588**	**44,894**	**1,711**	**11**	**1,308**	**1,103**	**71,615**

(i) Impairment charge in the period was determined by comparing the carrying value of the buildings to a recent independent external valuation.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.5 Property, plant and equipment (cont'd)

Accounting Policy

Recognition and measurement

Land is valued at cost less accumulated impairment. Buildings, leasehold improvements, plant and equipment, motor vehicles and computers are stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

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 cost 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 rates are used in the calculation of depreciation in the current and comparative year:

- Buildings 2%
- Leasehold Improvements 20%
- Furniture, Plant and Equipment 10-15%
- Motor Vehicles...............................15%
- Computer Equipment ....3 years

Leasehold Improvements and assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Useful lives of property, plant and 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 the reassessed useful life for both the current and future years.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

3.5 Property, plant and equipment (cont'd)

Accounting Policy (cont'd)

Impairment of non-current assets other than financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible 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 the statement of profit or loss and other comprehensive income.

3.6 Intangible assets

	Audio Masters $'000	Computer Software $'000	Total $'000
Consolidated			
Gross carrying amount			
Balance at 30 June 2017	8,436	12,544	20,980
Transfer from work-in-progress	-	1,638	1,638
Additions	384	37	421
Balance at 30 June 2018	**8,820**	**14,219**	**23,039**
Accumulated amortisation and impairment			
Balance at 30 June 2017	(7,234)	(7,727)	(14,961)
Amortisation expense	(476)	(1,102)	(1,578)
Balance at 30 June 2018	**(7,710)**	**(8,829)**	**(16,539)**
Net book value			
As at 30 June 2017	1,202	4,817	6,019
As at 30 June 2018	**1,110**	**5,390**	**6,500**

Accounting Policy

Intangible assets acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their useful lives as follows in the current and comparative year:

- Audio Masters .... 5 years
- Computer Software .... 3 years

Note to the financial statements for the year ended 30 June 2018 (cont'd)

4. Financing and capital structure

4.1 Trade and other payables

	2018 $'000	2017 $'000
Current		
Trade payables	351	316
Net goods and services tax payable	32	-
Accrued expenses and other creditors	8,203	8,251
Payroll liabilities	14	7
Sub total	**8,600**	**8,574**
Non-current		
Endowment and scholarship funds	3	3
Sub total	**3**	**3**

Accounting Policy

The standard credit period on purchases is 30 days from the end of the month in which the invoice is received. No interest is charged on trade payables.

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

4.2 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:

	2018 $'000	2017 $'000
Cash at bank	8,132	10,217
At call accounts	13,127	8,596
Cash and cash equivalents	**21,259**	**18,813**
Financing lease facilities available		
Amount used	-	-
Amount unused (i)	1,000	1,000
Total	**1,000**	**1,000**

(i) There is no line or unused limit fee associated with this facility. The $1,000,000 facility relates to vehicle leasing facility with the Bank.

Accounting Policy

Cash comprises cash on hand and demand deposits with maturities of 3 months or less. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

4.3 Contingent liabilities

At 30 June 2018 Vision Australia Limited had a bank guarantee facility available for leased properties as follows:

	2018 $'000	2017 $'000
Amount used	715	179
Amount unused	535	71
Total facility	**1,250**	**250**

4.4 Leases

Disclosures for lessees

Operating leases

<u>Leasing arrangements</u>

Operating leases relate to rental property and office equipment leases. Rental property lease contracts are typically 5 years and contain provisions for extending the lease on the same terms and conditions of the original lease. Leases for office equipment are for 5 years with a defined end date at which time the equipment is returned. The Group does not have an option to purchase the leased property or equipment at the expiry of the lease periods.

	2018 $'000	2017 $'000
Non-cancellable operating lease commitments:		
Not longer than 1 year	3,412	1,598
Longer than 1 year and not longer than 5 years	4,829	1,907
Longer than 5 years	781	-
Total	**9,022**	**3,505**

In respect of non-cancellable operating leases no liabilities have been recognised on the balance sheet.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

4.4 Leases (cont'd)

Disclosures for lessors

Operating leases

Leasing arrangements

Operating leases relate to subleases on rental properties and lease for telecommunications towers located on Vision Australia Trust, wholly owned subsidiary, land. Subleases are provided on the same terms and conditions as the head lease.

	2018 $'000	2017 $'000
Non-cancellable operating lease receivables:		
Not longer than 1 year	178	185
Longer than 1 year and not longer than 5 years	205	395
Longer than 5 years	-	16
Total	**383**	**596**

Accounting Policy

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.

The Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

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.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

4.5 Commitments

During the year ended 30 June 2018, the Group committed to incur capital expenditure of $887,000 (2017: $11,008,000). These commitments are expected to be settled in financial year 2019.

On 27th June 2018, the Company entered into a sale purchase agreement to acquire 100% of Quantum Technology Pty Ltd with the effective date being 5th July 2018. Subsequent to year end, on 5th July 2018, the Company proceeded with the acquisition thereby acquiring full ownership of Quantum Technology Pty Ltd.

4.6 Financial instruments

	2018		2017	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets				
Cash and cash equivalents	21,259	21,259	18,813	18,813
Trade receivables	2,391	2,391	1,800	1,800
Other receivables	3,749	3,749	2,265	2,265
Interest bearing deposits	776	776	304	304
Shares – equity securities	41,042	41,042	62,365	62,365
Managed trusts and funds – equity securities	57,629	57,629	17,604	17,604
Interest bearing securities	33,476	33,476	37,829	37,829
Sub total	**160,322**	**160,322**	**140,980**	**14,980**
Financial liabilities				
Trade payables	351	351	316	316
Sub total	**351**	**351**	**316**	**316**

Note to the financial statements for the year ended 30 June 2018 (cont'd)

4.6 Financial instruments (cont'd)

Accounting Policy

The Group has elected to early adopt Accounting Standard AASB 9 Financial Instruments from 1 July 2015. This new standard has been adopted because it includes requirements for the classification and measurement of financial assets which improve and simplify the approach when compared with the requirements of the previous Accounting Standard AASB 139 Financial Investments: Recognition and Measurement.

AASB 9 allows, and the Group has made, an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. The Group considers this to result in a presentation that better presents performance and operations of the organisation.

Investments in equity instruments, which were previously classified as available for sale financial assets, are from 1 July 2015 classified as equity instruments re-valued through other comprehensive income. They continue to be valued at fair value with changes in value being recognised in the Changes in Fair Value of Equity Investments reserve (previously Unrealised gains/ (losses) on available for sale investments reserve). Consequently adoption of AASB 9 has no effect on the valuation of the Group's net assets or total comprehensive income.

All gains and losses on equity investments thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income. Under AASB 9, there is no recycling of the realised gains and losses to the net profit for the period as previously required under AASB 139. There is also no requirement to test Group's equity investments for impairment with the result that there is no transfer of unrealised impairment losses from the asset revaluation reserve to the net profit for the period.

The transition provisions of AASB 9 require the standard to be applied retrospectively but it cannot be applied to investments that were disposed of prior to the initial application date, which in Group's case is 1 July 2015. Therefore, investments that were sold prior to 1 July 2015 have been accounted for under the previous standard AASB 139 where realised gains and losses on sales are included in profit for the period. After 1 July 2015 all realised gains and losses on the sale of investments are included in other comprehensive income.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

5. Employee remuneration

5.1 Provisions

	2018 $'000	2017 $'000
Current		
Annual leave	2,869	3,023
Long service leave	3,822	4,210
Other leave	85	86
Other employee provisions	1,689	1,984
Total current employee benefits(i)	**8,465**	**9,303**
Non-current		
Employee benefits – Long Service Leave	**1,326**	**1,198**

(i) The current provision for employee benefits includes $2,912,241 (2017: $3,197,811) of vested long service leave entitlements accrued but not expected to be taken in full within 12 months.

Accounting Policy

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.

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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is immaterial).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

5.1 Provisions (cont'd)

Accounting Policy (cont'd)

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows (based on Australian Corporate Bond Rates) to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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. The obligation is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

5.2 Retirement benefit plans

Vision Australia Limited is a member of Health Super Pty Ltd multi-employer defined benefit superannuation plan and is required to contribute a specified percentage of payroll costs to fund the retirement benefits of 2 (2017: 2) employees.

As some members of the fund are current and former members of other employers, for the purposes of applying AASB 119 Employee Benefits, the fund actuary does not believe there is sufficient information available to allocate obligations, assets and costs between the members of the fund.

In accordance with the requirements of AASB 119, given the lack of sufficient information available, the plan is accounted for as if it were a defined contribution plan. Vision Australia Limited made total contributions to the plan of $12,000 (2017: $12,000) during the year which are recognised as an expense in the statement of profit or loss and other comprehensive income.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

5.3 Key management personnel remuneration and related party disclosures

The aggregate compensation of the key management personnel of the Group is set out below:

	2018 $	2017 $
Short term employee benefits	2,711,851	2,696,668
Post-employment benefits	224,097	240,520
Other long term employee benefits	377,763	337,255
Termination and other benefits	97,555	132,655
Total	**3,411,266**	**3,407,098**

5.3.1 Parent entity

The parent entity of the Group is Vision Australia Limited.

5.3.2 Ownership interest in related parties

Details and ownership interest held in subsidiaries are disclosed in Note 6.1 to the financial statements.

5.3.3 Loan disclosures

There were no loans between Vision Australia Limited and its Directors or executives.

5.3.4 Director transactions

Some Directors receive services from Vision Australia Limited as clients on a normal commercial basis and pay the applicable fees, if any, for those services. No fees were paid to directors in their capacity as directors except for the Chair who has been remunerated as approved by the members under clause 1.4 of the Constitution totalling $30,953 (2017: $25,836).

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6. Other information

This section covers other information that is not directly related to items in the financial statements and significant accounting policies not disclosed elsewhere and other statutory information.

6.1 Subsidiaries

The consolidated financial statements include the financial statements of Vision Australia Limited and the subsidiaries listed in the following table.

		Ownership interest	
Name of entity	Country of incorporation	2018 %	2017 %
Parent entity			
Vision Australia Ltd	Australia		
Subsidiaries			
Vision Australia Foundation	Australia	100%	100%
Vision Australia Trust	Not incorporated	100%	100%
RVIB Foundation (Charitable Trust)	Not incorporated	100%	100%
Seeing Eye Dogs Australia Pty Limited	Australia	100%	100%
5RPH Pty Ltd	Australia	100%	100%
6RPH Pty Ltd	Australia	100%	100%

Accounting Policy

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.1 Subsidiaries (cont'd)

Accounting Policy (cont'd)

Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs).

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.2 Parent entity disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

	2018 $'000	2017 $'000
Deficit of the parent entity		
Deficit for the year	(16,015)	(2,877)
Total comprehensive surplus for the year	6,057	5,879
Financial position of the parent entity		
Current Assets	17,432	12,984
Total Assets	149,234	138,822
Current Liabilities	(28,941)	(22,290)
Total Liabilities	(26,890)	(23,509)
Net assets	**122,344**	**115,313**
Total equity of the parent entity comprising of		
Asset Revaluation Reserve	5,762	5,501
Retained Surplus	116,582	109,812
Total equity attributable to Vision Australia Limited	**122,344**	**115,313**

(i) During the current financial year, Vision Australia made the total debt forgiveness to the wholly owned subsidiary company, Vision Australia Trust, amounting to $3,725,000. As a result, an adjustment of $3,725,000 was made to the carrying value of the assets in Vision Australia Trust.

(ii) Included in total assets are amounts owing by wholly owned subsidiary company, Vision Australia Trust, of $3,377,000 (2017: $3,079,000). The amount owing is classified as non-current asset as the parent entity does not intend to recall the loan in the next 12 months.

The contingent liabilities (Note 4.5) and the commitments for expenditure (Note 4.4) of the Group are in relation to the parent entity.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.3 Remuneration of external auditors

	2018 $	2017 $
Audit of the Financial Report		
- paid to KPMG	78,500	78,500
Sub total	**78,500**	**78,500**
Other Services		
- paid to KPMG	50,850	48,300
- paid to Deloitte	-	2,050
Sub total	**50,850**	**50,350**
Total auditor remuneration	**129,350**	**128,850**

6.4 Information required by the Charitable Fundraising Act 1991 (NSW) & the Charitable Collections Act (1946) [Section 15] WA

Fundraising appeals conducted under the Charitable Fundraising Act 1991 (NSW) and the Charitable Collections Act (1946) [Section 15] WA, included direct mail, telemarketing, face-to-face, regular giving, special events, trusts and foundations, major gifts, corporate giving, community fundraising and gifts-in-wills.

6.4.1 Details of aggregated gross income and total expenses of fundraising activities

	2018 $'000	2017 $'000
Income		
Gifts-in-wills	16,308	31,521
Direct marketing appeals	14,671	14,580
Philanthropic gifts	7,940	7,003
Corporate giving	746	777
Community fundraising	1,574	1,026
Events	1,411	1,699
Sub total	**42,650**	**56,606**
Total fundraising expenses	**(16,475)**	**(16,197)**
Net surplus from fundraising activities	**26,175**	**40,409**
Net margin from fundraising activities	61%	71%

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.4.2 Application of funds for charitable purposes

The surplus from fundraising appeals is applied to offset deficits that would have otherwise been incurred by Vision Australia Limited. The consolidated surplus is available to spend on providing services, programs and goods to people who are blind or have low vision.

	2018 $'000	2017 $'000
Operating Surplus	5,369	8,007
Operating Deficit excluding Surplus from Fundraising Activities	(20,805)	(32,402)

6.4.3 Fundraising appeals conducted jointly with traders

A trader is an entity who conducts a fundraising appeal partly for their own benefit. Fundraising appeals in which traders were engaged were regular giving campaigns, lotteries and carols by candlelight.

	2018 $'000	2017 $'000
Revenue	12,074	11,381
Total Payments to Traders	(6,101)	(5,228)
Other Direct Expenses	(2,038)	(2,481)
Gross Contribution	**3,935**	**3,672**
Payments to Traders / Revenue	51%	46%

6.5 Subsequent events

On 27th June 2018, the Company entered into a sale purchase agreement to acquire 100% of Quantum Technology Pty Ltd with the effective date being 5th July 2018. Subsequent to year end, on 5th July 2018, the Company proceeded with the acquisition thereby acquiring full ownership of Quantum Technology Pty Ltd.

There has not been any other matter or circumstance occurring subsequent to the end of the financial 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 financial years.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.6 Significant accounting policies

Basis of preparation

The consolidated financial report has been prepared on the basis of historical cost, except for financial assets that are measured at fair value through other comprehensive income, as explained in the accounting policies throughout this report. 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136.

Critical judgements in applying accounting policies

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 interest rates;
- future on-cost rates; and
- experience of employee departures and period of service

Liabilities recognised in respect of long term employee benefits are measured as the present value.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.6 Significant accounting policies (cont'd)

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition costs are recognised in profit or loss as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

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 ATO is classified as operating cash flows.

Income tax

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

New and revised Standards affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are effective for the current reporting period.

There are no other new or revised standards and interpretations adopted materially affecting the reported results or financial position.

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.6 Significant accounting policies (cont'd)

Standards and interpretations in issue not yet adopted

At the date of this report new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2018. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. Application may result in material changes to the Group's future financial reports, however the quantitative effects of the Group adopting these standards has not yet been determined.

Standard or interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 15 Revenue from Contracts with Customers replaces existing guidance in AASB 111 Construction contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. The core principle requires an entity to recognise revenue when the entity satisfies performance obligations by transferring promised goods or services to a customer.	1 January 2019	30 June 2020
AASB 1058 Income of Not-for-Profit Entities clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities. The standard replaces all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously prescribed by AASB 1004 Contributions.	1 January 2019	30 June 2020
AASB 16 Leases replaces existing guidance in AASB 117 and specifies a single lessee accounting model that will result in the recognition of all leases on the balance sheet. Lessors continue to classify leases as operating or finance. The Group has a number of leases currently recognised as operating leases which will come on balance sheet under AASB 16. In general there will be a change from rent expense to depreciation and front loaded interest expense. Lease expenses will be replaced by a leased asset and lease liability affecting financial ratios such as gearing.	1 January 2019	30 June 2020

Note to the financial statements for the year ended 30 June 2018 (cont'd)

6.6 Significant accounting policies (cont'd)

Standards and interpretations in issue not yet adopted (cont'd)

For the accounting standards AASB 15 and AASB 1058, management is currently assessing the effects of applying the new standards on the Group's financial statements. A framework will be developed to assess the standards which will be applied to individual arrangements and as such it is too early to quantify the impact. Even though the criteria to defer income will change, it is unlikely there will be a significant impact on the financial statements given the Group currently defers unspent income for Government grants.

A number of other new or revised standards, amendments to standards and interpretations applicable to future reporting periods have been issued, none of which are expected to have a material impact on the Group's future financial reports.

Directors' declaration

In the opinion of the Directors of Vision Australia Limited:

(a) the Company is not publicly accountable;

(b) the consolidated financial statements and notes set out on pages 20 to 53 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and in compliance with the Charitable Fundraising Act (NSW) 1991 and Charitable Collections Act (WA) 1946, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and

 (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors:

Andrew Moffat
Director
29 August 2018

Heith Mackay-Cruise
Director
29 August 2018

Declaration by Chief Executive Officer in respect of fundraising activities

I, Ron Hooton, Chief Executive Officer of the Vision Australia Limited, declare in my opinion:

(a) the consolidated financial statements give a true and fair view of all income and expenditure of the Vision Australia Limited with respect to fundraising appeal activities for the financial year ended 30 June 2018;

(b) the consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2018;

(c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations, the Charitable Collections Act (WA) 1946, Charitable Collections Regulations (WA) 1947 and the conditions attached to the authority have been complied with the for the financial year ended 30 June 2018; and

(d) the internal controls exercised by the Vision Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Ron Hooton
Chief Executive Officer
29 August 2018

KPMG

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Vision Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Antoni Cinanni

Partner

Melbourne

29 August 2018

KPMG

Independent Auditor's Report

To the members of Vision Australia Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report***, of the Vision Australia Limited (the Company) and its controlled entities (the Group).

In our opinion, the accompanying ***Financial Report*** of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2018;

ii. Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;

iii. Notes including a summary of significant accounting policies;

iv. Directors' declaration of the Company; and

v. Declaration by the Chief Executive Officer in respect of fundraising appeals of the Company.

The ***Group*** consists of Vision Australia Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Vision Australia Limited and its controlled entities' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 the Acts and Regulations.

iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iv. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

KPMG

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

i. the Financial Report gives a true and fair view of the Group's financial result of fundraising appeal activities for the financial year ended 30 June 2018;

ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2017 to 30 June 2018, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2017 to 30 June 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

iv. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In our opinion, the Company has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2018.

KPMG

KPMG

Antoni Cinanni

Partner

Melbourne

29 August 2018

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