

**DELTA SOCIETY AUSTRALIA  
LIMITED**

**Financial Statements  
For the year ended 30 June  
2013**

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Directors' Report**

Your directors present this report on the company for the financial year ended 30 June 2013.

## Directors

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

<b>Name of Director</b>	<b>Qualifications</b>
Phillip Palangas	– BBus Accounting.
Sue Schreiner	– LL.B(ANU) Dip.Crim (Syd Uni)
David Snow	– BSc Vet BVSc, DVSc PhD – Resigned 21/11/2012
John Robin Simpson	
Christopher Matthew Ryan	- MBBS FANZCA
Danielle Nelson	- Appointed 28/07/2012
Gaille Perry	– BVSc, BedSt, Dip Ed, MACVSc (Animal Behaviour) PhD – Appointed 22/06/2013
Kersti Seksel	– BVSc (Hons) MRCVS MA (Hons) FACVSc DACVB CNAVA DECVBM-CA – Appointed 22/06/2013

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

## Directors' Meetings

	Meetings eligible	Meetings attended
Phillip Palangas	5	5
Sue Schreiner	5	5
Danielle Nelson	5	3
John Robin Simpson	5	5
Christopher Matthew Ryan	5	3
Gaille Perry	1	1
Kersti Seksel	1	1
David Snow	2	1

## Operating Result

The surplus/(deficiency) of the company for the financial year after providing for income tax amounted to:

Year ended	Year ended
30 June 2013	30 June 2012
\$	\$
(2,923)	(14,401)

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Directors' Report**

## **Significant Changes in the State of Affairs**

No significant changes have been made.

## **Principal Activities**

The principal activities of the company during the course of the year were promoting human health and well being with animal assistance and conducting educational and training courses and seminars. No significant change in the nature of these activities occurred during the year.

## **Environmental Issues**

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

## **Dividends**

The company is limited by guarantee. No shares have been issued. No dividends are allowed to be paid in accordance with the constitution of the company.

## **Options**

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

## **Directors' Interests in Shares of the Company or Related Bodies Corporate**

### **Directors' Benefits**

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company or related body corporate.

### **Indemnifying Officer or Auditor**

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for:

All the Directors and officers holding office during the financial year and for prior years.

### **Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not party to any such proceedings during the year.

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Directors' Report**

**Auditors Independence Declaration**


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

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

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Phillip Palangas  
Director

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John Robin Simpson  
Director

Dated: 26 October 2013

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Directors' Declaration**

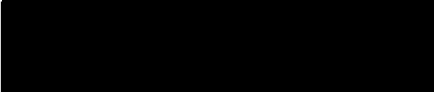
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The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations; and
  - (b) give a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the balance sheet gives a true and fair value of the state of affairs of the organisation with respect to fundraising appeals, and
4. the provision of the Charitable Fundraising Act 1991 (NSW), Collections for Charitable Purposes Act 1939 (SA), Collections for Charitable Purposes Act 2001 (TAS), Collections Act 1066 (QLD), the regulations under the Acts and the conditions attached to the fundraising authority have been complied with by the organisation, and
5. the accounts give a true and fair view of the state of affairs of the organisation with respect to fundraising appeals, and
6. the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any fundraising appeals.

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

  
Phillip Palangas  
Director

  
John Robin Simpson  
Director

Dated: 26 October 2013

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**DELTA SOCIETY AUSTRALIA LIMITED ABN 81 078 280 592**  
**Auditor's Independence Declaration**

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**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF: DELTA SOCIETY AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

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

ARAPIDIS & PARTNERS PTY LTD  
CHARTERED ACCOUNTANTS

A black rectangular redaction box covering the signature of Emanuel Arapidis.

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EMANUEL ARAPIDIS-PRINCIPAL

30/08/2013

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**DELTA SOCIETY AUSTRALIA LIMITED ABN 81 078 280 592**  
**Independent Auditor Report**

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## **Scope**

We have audited the financial report, being the Statement by Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of DELTA SOCIETY AUSTRALIA LIMITED for the financial year ended 30 June 2013. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

## **Independence**

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration has not changed as at the date of providing our audit opinion.

## **Audit opinion**

In our opinion, the financial report of DELTA SOCIETY AUSTRALIA LIMITED is in accordance with:

1. the Corporations Act 2001, including:
  - (a) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (b) complying with Accounting Standards and the Corporations Regulations.
2. The Charitable Fund Raising Act 1939 (NSW), Collections Act 1996 (QLD), Collections for Charitable Purposes Act 1939 (SA), Collections for Charitable Purposes Act 2001 (TAS) and other mandatory professional reporting requirements.

Signed on : 30 August 2013

  
EMANUEL ARAPIDIS-PRINCIPAL  
ARAPIDIS & PARTNERS PTY LTD  
CHARTERED ACCOUNTANTS

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**DELTA SOCIETY AUSTRALIA LIMITED****Detailed Profit and Loss Statement****For the year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Income</b>		
Other sales Revenue	1,559.97	1,957.22
CGC course fees	331,027.41	180,702.11
Sales of Merchandise revenue	208.59	2,253.33
Donations	22,876.37	41,561.65
Regional Sponsor	7,950.00	41,300.00
Adoptions Therapy dogs revenue	3,865.00	14,669.80
Planned Giving Revenue	220,590.00	202,463.64
Delta Dog Safe	13,830.00	18,269.06
Fundraising	10,253.03	16,968.78
Grants	36,600.00	48,074.01
DPDTA Membership	822.50	
Delta membership fees	45.45	227.27
Interest received	8,969.04	12,318.58
Other non-operating revenue	12,162.32	8,461.60
Club Grants	10,972.18	8,500.00
Corporate Sponsorship	8,146.90	
Total income	<u>689,878.76</u>	<u>597,727.05</u>
<b>Expenses</b>		
Advertising and promotion		815.00
Audit fees	6,363.64	5,495.45
Division Administration fee		3,378.12
Bank Fees And Charges	3,148.77	2,626.65
Classroom Canines	7,313.71	11,597.40
Cleaning/rubbish removal	1,868.96	2,169.00
CGC Course Expenses	166,182.95	104,253.68
Computer expenses	6,927.56	4,862.44
Therapy dog expenses	92,617.55	130,166.81
Consultants fees	45,120.00	10,618.00
Dog safe Expenses	14,029.03	10,909.82
Dementia project	266.56	61.34
Depreciation - plant	2,249.00	6,897.00
Electricity	2,233.89	1,855.93



**DELTA SOCIETY AUSTRALIA LIMITED****Detailed Profit and Loss Statement****For the year ended 30 June 2013**

	2013	2012
	\$	\$
Reportable Fringe benefits	63,175.22	61,364.52
General expenses	11,451.65	1,313.51
Hire/rent of Plant & Equipment		67.73
Insurance	14,130.20	14,698.79
Internet Expenses	826.31	2,125.25
Legal & Accounting fees		1,334.55
Lifestart program	426.90	202.94
Materials & supplies	627.63	593.00
National Mkting & Fundraising	16,413.01	
Postage	10,760.30	13,067.93
Printing & stationery	18,035.95	24,964.74
Rent on land & buildings	24,148.64	26,166.00
Salaries - ordinary	140,583.50	120,027.93
Provision for annual leave	5,570.55	2,268.39
Provision for long service leave	7,439.95	4,061.73
Salaries other		1,350.00
Staff Recruitment costs	970.51	700.18
Training day expenses		1,883.95
Uniforms		299.05
Subscriptions	1,734.09	1,179.76
Superannuation	12,481.30	12,852.88
Telephone	13,100.84	12,812.60
Travel, accom & conference		3,592.15
Meeting expenses	2,603.73	6,614.18
Special expenses -Rural School		50.00
Total expenses	<u>692,801.90</u>	<u>609,298.40</u>
<b>Profit (Loss) from Ordinary Activities</b>	<b><u>(2,923.14)</u></b>	<b><u>(11,571.35)</u></b>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Profit and Loss Statement and changes in equity statement**  
**For the year ended 30 June 2013**

	2013 \$	2012 \$
Operating profit (deficit)	(2,923.14)	(11,571.35)
Income tax (credit) attributable to operating profit (loss)	<u>                    </u>	<u>                    </u>
<b>Operating profit (deficit)</b>	<b>(2,923.14)</b>	<b>(11,571.35)</b>
Retained profits at the beginning of the financial year	<u>316,850.77</u>	<u>328,422.12</u>
Total available for appropriation	<u>313,927.63</u>	<u>316,850.77</u>
<b>Retained profits at the end of the financial year</b>	<b><u><u>313,927.63</u></u></b>	<b><u><u>316,850.77</u></u></b>

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The accompanying notes form part of these financial statements.

DELTA SOCIETY AUSTRALIA LIMITED

ABN 81 078 280 592

Notes to the Financial Statements

For the year ended 30 June 2013

Statement of financial performance by states, territories and federal program

	Head Office	Mentoring Program	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total 2013	Total 2012	Total 2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income</b>													
National Sponsorship					7,950						7,950	41,300	10,750
Regional Sponsorship											45	227	224
Memberships Fees	45												
Federal Grants & Advances													
State Grants & Advances	3,000	25,600	7,000	1,000	1,000						36,600	13,074	33,018
Other Grants & Advances	2,100	2,693	8,282	234	4,090				50		22,876	41,462	20,556
Donations		14,382	37,779								52,161	38,454	52,526
Seminars											278,866	142,248	154,554
CGC Course Income	278,866												
Puppy Headstart Program												742	2,969
Commissions Membership			500	1,000	1,165			1,200			3,865	14,670	13,257
Adoption Therapy Dogs			101,400	68,135	24,855		7,050	16,650	2,500		220,590	202,464	174,316
Planned Givings								13,830			13,830	18,269	18,459
Dog Safe Program											14,755	11,929	34,312
Other Short-term Programs	14,755		5,249		4,727			277			10,253	16,969	21,682
Fundraising											8,969	12,246	12,029
Interest Revenue	8,969										10,972	8,500	27,765
Community Development Scheme	10,972												
Corporate Sponsorship	5,000		147					3,000			8,147		
Overhead recoveries from S.P.O.T													
<b>Total Revenue</b>	<b>323,707</b>	<b>-</b>	<b>160,357</b>	<b>111,810</b>	<b>42,787</b>	<b>-</b>	<b>7,284</b>	<b>41,384</b>	<b>2,550</b>	<b>-</b>	<b>689,879</b>	<b>562,554</b>	<b>576,437</b>
<b>Expenses</b>													
CGC Course expenses	77,682		86,873	9,208							173,763	115,912	87,323
Fundraising expenses	16,413										16,413		
Therapy Dog expenses	7,922		19,156	30,017	18,801		4,965	8,383	3,374		92,618	126,882	72,676
Delta Dog Safe expenses								14,029			14,029	10,910	9,253
Seminar expenses													
Consulting Fees	45,120										45,120		
General expenses	1,193										1,193	2,044	2,899
Delta Update expenses													
Other Short-term Program expenses	1,869										1,869	835	1,995
Travel & Accommodation													481
Administration	15,086										15,086	11,075	17,238
Audit & Accountancy fees	6,364										6,364	5,495	7,711
Depreciation	2,249										2,249	6,778	8,522
Employee costs & benefits	235,668										235,668	198,487	220,441
Insurance	9,491										9,491	12,196	8,582
Postage & stationery	8,567		4,550	13,704	864		179	810	122		10,147	35,264	26,845
Office rental	24,149										24,149	26,166	23,821
Meeting expenses	2,993			238	4,800		4,206				12,237	8,627	21,143
Telephone & communications	2,987		4,598	2,862	1,218		182	969	295		13,101	13,505	6,430
Legal fees & Accounting												1,335	
Merchandise purchases												1,444	2,598
<b>Total expenses</b>	<b>457,753</b>	<b>-</b>	<b>115,177</b>	<b>56,019</b>	<b>25,683</b>	<b>-</b>	<b>9,532</b>	<b>24,847</b>	<b>3,791</b>	<b>-</b>	<b>692,802</b>	<b>576,955</b>	<b>517,958</b>
<b>Surplus (deficit) for year</b>											<b>(2,923)</b>	<b>(14,401)</b>	<b>58,479</b>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Statement of Financial Performance - by Nature**  
**For the year ended 30 June 2013**

	Note	2013 \$	2012 \$
<b>Classification of Expenses by Nature</b>			
Revenues from ordinary activities		689,878.76	562,554.00
Depreciation and amortisation expenses		(2,249.00)	(6,778.00)
Other expenses from ordinary activities		<u>(690,552.90)</u>	<u>(570,177.42)</u>
<b>Profit (loss) from ordinary activities</b>		<b>(2,923.14)</b>	<b>(14,401.42)</b>
Income tax revenue relating to ordinary activities			
<b>Net profit (loss) attributable to members of the company</b>		<u><b>(2,923.14)</b></u>	<u><b>(14,401.42)</b></u>
		<u><b>(2,923.14)</b></u>	<u><b>(14,401.42)</b></u>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Statement of Financial Position As At 30 June 2013**

	Note	2013 \$	2012 \$
<b>Current Assets</b>			
Cash assets	3	330,046.01	332,064.76
Receivables	4	80,473.76	94,923.76
Current tax assets		3,536.33	120.02
Other	5	27,339.44	53,239.11
<b>Total Current Assets</b>		<b>441,395.54</b>	<b>480,347.65</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	15,980.82	14,886.51
<b>Total Non-Current Assets</b>		<b>15,980.82</b>	<b>14,886.51</b>
<b>Total Assets</b>		<b>457,376.36</b>	<b>495,234.16</b>
<b>Current Liabilities</b>			
Payables	7	62,683.66	49,725.34
Provisions	8	45,693.91	32,683.41
Other		35,071.16	95,974.64
<b>Total Current Liabilities</b>		<b>143,448.73</b>	<b>178,383.39</b>
<b>Total Liabilities</b>		<b>143,448.73</b>	<b>178,383.39</b>
<b>Net Assets</b>		<b>313,927.63</b>	<b>316,850.77</b>
<b>Equity</b>			
Reserves	2	50,000.00	50,000.00
Retained profits		263,927.63	266,850.77
<b>Total Equity</b>		<b>313,927.63</b>	<b>316,850.77</b>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Detailed Statement of Financial Performance**  
**For the year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Income</b>		
-Fundraising	10,253.03	16,968.78
-Donations	22,876.37	41,461.65
-CGC Course fees	331,027.41	180,702.11
-Delta Dog Safe	13,830.00	18,269.06
-Other non operating Revenue	20,517.81	8,540.20
-Other sales revenue	1,559.97	1,957.22
-Adoptions Therapy Dogs	3,865.00	14,669.80
-Planned Giving	220,590.00	202,463.64
-Regional Sponsors	7,950.00	41,300.00
-Club Grants	10,972.18	8,500.00
-Grants	36,600.00	13,074.01
-Ebay-Sales		2,174.73
-Delta Membership	45.45	227.27
-DPDTA Membership	822.50	
-Interest received	8,969.04	12,245.53
<b>Total income</b>	<b>689,878.76</b>	<b>562,554.00</b>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Detailed Statement of Financial Performance**  
**For the year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Expenses</b>		
CGC Course Expenses	173,763.22	115,912.42
Therapy Dog Expenses	92,617.55	126,882.07
Delta Dog Safe expenses	14,029.03	10,909.82
Other Short-term program expenses	1,868.96	2,169.00
Administration	15,086.43	11,074.97
Employee costs & benefits	235,608.10	198,487.42
Audit fees	6,363.64	5,495.45
Consultants fees	45,120.00	
Depreciation - plant	2,249.00	6,778.00
General expenses	426.90	2,043.85
Insurance	10,146.89	12,195.88
Merchandise purchases		1,443.83
National Mkting & Fundraising	16,413.01	
Postage & stationery	28,796.25	35,264.22
Rental Office	24,148.64	26,166.00
Meeting expenses	12,237.13	8,627.88
Telephone	13,927.15	13,504.61
Total expenses	<u>692,801.90</u>	<u>576,955.42</u>
Profit (Loss) from Ordinary Activities	<u>(2,923.14)</u>	<u>(14,401.42)</u>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>Cash Flow From Operating Activities</b>		
Receipts from customers	695,359.72	550,308.47
Payments to Suppliers and employees	(728,903.87)	(514,341.58)
Interest received	8,969.04	12,245.53
Net cash provided by (used in) operating activities (note 2)	(24,575.11)	48,212.42
 <b>Cash Flow From Investing Activities</b>		
Payment for: pledges receivable	(14,455.00)	18,930.00
Payments for property, plant and equipment	(2,069.00)	(3,004.28)
Net cash provided by (used in) investing activities	(16,524.00)	15,925.72
Net increase (decrease) in cash held	(2,018.00)	19,982.58
Cash at the beginning of the year	338,319.74	318,337.16
Cash at the end of the year (note 1)	336,301.00	338,319.74

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**DELTA SOCIETY AUSTRALIA LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2013**

2013

2012

**Note 1. Reconciliation Of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash At Bank & Rental Bond	336,301.00	338,319.74
	336,301.00	338,319.74

**Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Profit**

Operating profit after income tax	(2,923.14)	(14,401.42)
Depreciation	2,249.00	6,778.00
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	14,450.00	(18,930.00)
Increase (decrease) in trade creditors and accruals	12,958.32	8,006.44
Increase (decrease) in other creditors	(60,903.48)	60,385.00
Increase (decrease) in employee entitlements	13,010.50	6,330.12
Increase (decrease) in sundry provisions	(3,416.31)	44.28
<b>Net cash provided by (used in) operating activities</b>	<b>(24,575.11)</b>	<b>48,212.42</b>

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**Note 1: Statement of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, the Charitable Fund Raising Act 1991 (NSW), Collections Act 1966 (QLD), Collections for Charitable Purposes Act 1939 (SA), Collections for Charitable Purposes Act 2001 (TAS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers DELTA SOCIETY AUSTRALIA LIMITED as an individual entity. DELTA SOCIETY AUSTRALIA LIMITED is a company limited by shares, incorporated and domiciled in Australia.

The financial report of DELTA SOCIETY AUSTRALIA LIMITED and the controlled entity and DELTA SOCIETY AUSTRALIA LIMITED as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(A) Basis of Preparation**

*Adoption of Australian Equivalents to International Financial Reporting Standards*

DELTA SOCIETY AUSTRALIA LIMITED has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from the 1 July 2005.

The accounting policies set out below have been consistently applied to all years presented. The entries have however elected to adopt exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer to the Notes for further details.

*Reporting Basis and Conventions*

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

**(B) Accounting Policies**

**Income tax**

Delta Society Australia Limited is registered with the Australian Taxation Office as 'income Tax exempt'.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**Property, Plant and Equipment**

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

a) Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

b) Plant and equipment

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

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

The cost of fixed assets constructed within DELTA SOCIETY AUSTRALIA LIMITED includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to DELTA SOCIETY AUSTRALIA LIMITED commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Plant and equipment	[20 %]
Other plant and equipment	[30 %]
Furniture	[10 %]
Other	[15 %]

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

## **Leases**

Delta Society Australia Limited has not entered into any lease agreements during the financial year with the exception for that of office rental.

## **Impairment of Assets**

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

Impaired testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual's asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

## **Intangibles**

### **a) Goodwill**

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### **b) Research and Development Expenditure**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised a systematic basis matched to the future economic benefits over the useful life of the project.

## **Employee Benefits**

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year and have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

## **Provisions**

Provision are recognised when DELTA SOCIETY AUSTRALIA LIMITED has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**Cash and Cash Equivalents**

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

**Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

**Borrowing Costs**

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

**Goods and Services Tax (GST)**

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

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

**Comparative Figures**

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

a) Critical accounting estimates and judgments

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

*Key estimates – Impairment*

The directors assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts a number of key estimates.

**DELTA SOCIETY AUSTRALIA LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

No impairment has been recognised in respect of goodwill for the year ended 30 June 2013. Should the projected turnover figures be outside 90% of budgeted figures incorporated in value in use calculations, an impairment loss would be recognised up to the maximum carrying value of goodwill at 30 June 2013 amounting to \$Nil.

*Key judgements – Doubtful debts provision*

Included in accounts receivable at 30 June 2013 is an amount receivable from sales of \$80,474. The directors believe that the full amount of the debt is recoverable and no doubtful debt provision has been made at 30 June 2013.

**DELTA SOCIETY AUSTRALIA LIMITED**

**ABN 81 078 280 592**

**Notes to the Financial Statements**

**For the year ended 30 June 2013**

2013

2012

**Note 2: Reserves**

Balance at the beginning of the reporting period

- Special Reserve contributed by the Animal Welfare League

NSW.

50,000	50,000
<u>50,000</u>	<u>50,000</u>

Increase (decrease) in reserves during the reporting period:

- Special Reserve

_____	_____
=====	=====

Balance at the reporting date

- Special Reserve

50,000	50,000
<u>50,000</u>	<u>50,000</u>

**Note 3: Cash assets**

Bank accounts:

- Newcastle Permanent -963413406

8,279

8,857

- Westpac Society Account -514448

25,897

21,999

- Geelong -Maxi Direct

3,845

9,517

- Westpac -Geelong

2,232

885

- Newcastle Permanent -971786501

1,505

1,505

- Newcastle Permanent -CMT 934428609

35,077

36,484

- Westpac DDS -Tasmania -188568

2,569

2,641

- Westpac Maxi Direct Account

250,642

250,176

330,046

332,064

**DELTA SOCIETY AUSTRALIA LIMITED**

**ABN 81 078 280 592**

**Notes to the Financial Statements**

**For the year ended 30 June 2013**

2013

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**Reconciliation of Cash:**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	330,046	332,064
	<u>330,046</u>	<u>332,064</u>

**Note 4: Receivables**

**Current**

Pledges receivable	80,474	94,929
	<u>80,474</u>	<u>94,929</u>

**Note 5: Other Assets**

**Current**

Short term deposits	6,255	6,255
Prepayments	21,084	46,984
	<u>27,339</u>	<u>53,239</u>

**Note 6: Property, Plant and Equipment**

Other plant and equipment:

- At cost	66,717	64,648
- Less: Accumulated depreciation	(50,736)	(49,762)
	<u>15,981</u>	<u>14,886</u>
	<u>-</u>	<u>-</u>
	<u>15,981</u>	<u>14,886</u>

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**DELTA SOCIETY AUSTRALIA LIMITED**

**ABN 81 078 280 592**

**Notes to the Financial Statements**

**For the year ended 30 June 2013**

2013

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**Note 7: Payables**

Secured:

- Trade creditors

62,684	49,725
<u>62,684</u>	<u>49,725</u>
<u><b>62,684</b></u>	<u><b>49,725</b></u>

**Note 8: Provisions**

**Current**

Employee entitlements\*

45,694	32,683
<u><b>45,694</b></u>	<u><b>32,683</b></u>

\* Aggregate employee entitlements liability

45,694

32,683

There were 5 employees at the end of the year

**Provision for Employee Entitlements**

A provision has been recognised for employee entitlements relating to annual and long service leave for employees.

In calculating the present value and future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note: Statement of significant account policies.

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