



VITS **LanguageLink**

10-11
ANNUAL REPORT
2010-11

Advancing equality for ALL Victorians through
quality interpreting + translations services

OUR CUSTOMER SERVICE CHARTER

The VITS Customer Service Charter outlines what clients can expect from us.

- > We treat our customers at all times fairly, professionally and with respect, courtesy and dignity.
- > We are available 24 hours a day, 7 days a week.
- > We aim to give you face to face assistance within 5 minutes of your arrival at the counter service point
- > We will answer your telephone call within 3 rings. If we are unable to answer the call we will return your call within 5 minutes.
- > We will respond to all written customer enquiries within 3 working days of receipt
- > All contractors are identified by a VITS LanguageLink ID card.
- > We demonstrate professional competence in providing advice on our translation and interpreting services
- > We have the knowledge, authority and responsibility to deal with your enquiries
- > Where costs are involved, we will advise you in advance of the estimated cost
- > All personal information we obtain will be strictly managed in accordance with our Privacy Policy and relevant State and Federal laws
- > We will meet agreed deadlines for the completion of your request
- > We will regularly seek your feedback and use it to improve our services

our values

At VITS we:

- > are proud to deliver a proactive and quality service
- > embrace and drive change
- > create an enjoyable workplace and celebrate success
- > are adventurous, creative, and open-minded
- > support each other and pursue growth and learning
- > build open and honest relationships with communication
- > build a professional, positive team
- > treat our clients, colleagues and contractors at all times fairly, and with respect and dignity.
- > are passionate, committed and determined
- > reward and recognise achievement

CONTENTS

	PAGE
KEY ACHIEVEMENTS	4
CHAIRMAN'S REPORT	5
CEO REPORT	6
BOARD OF DIRECTORS	8
VITS IN PROFILE	9
ORGANISATIONAL STRUCTURE	13
OPERATIONAL PERFORMANCE	14
INVESTING IN OUR INDUSTRY AND COMMUNITY	20
FINANCIAL STATEMENTS	21

our vision

To be recognized as a leading provider of high quality and relevant language services

our mission

Our primary mission is to provide language services to Non English speakers by

1. Recognising the richness of cultural diversity
2. Valuing the profession and recognising our role in working with other stakeholders to pursue its development
3. Servicing our end clients through agencies and service providers

To provide the highest quality and relevant language services, Australia-wide, in the most efficient and cost-competitive manner, recognising the importance of our staff and the profession in the delivery of our service



- > We report a net profit of \$264,567 which represents a \$416,000 improvement on the previous financial year.
- > Our total sales for the year increased 13.9%, led by a 15% increase in revenue from on-site interpreting and a 45% increase in telephone interpreting sales.
- > Demand for our on-site interpreting services increased significantly for the second consecutive year. We achieved a 13% increase.
- > Demand for telephone interpreting rose by 21%, led by our successful tenders to provide exclusive telephone interpreting for both the Victorian State and Federal elections in 2010.
- > The total number of words translated was marginally lower than last year. However 93% of all translations were undertaken by NAATI Level 3 or above.
- > We registered an increase of 4.5% in new clients to VITS.
- > New and pre-existing business relationships with state government and key government agencies were developed.
- > A new contractor recruitment and induction program was developed and introduced resulting in an additional 185 language professionals joining VITS.
- > We achieved a 20% decrease in complaints lodged by clients about our service.
- > We developed a comprehensive technology roadmap aligned with our growth strategy.
- > A new organisational structure was introduced, enabling dedicated resourcing at a management level in operations, client services and technology.
- > Comprehensive business continuity and disaster recovery plans were developed.
- > Our commitment to the industry continued with sponsorships and support for key community based initiatives.
- > All staff participated in the development of organisational values that are guiding principles for the company.

KEY ACHIEVEMENTS IN 2010/11

10-11

CHAIRMAN'S REPORT



2010/11 has been a year of significant progress for VITS LanguageLink.

Our stated aim is to ensure the service provided to our clients in their interaction and communication with people from culturally and linguistic diverse communities is the best possible.

I believe we are meeting the challenge.

Our significant investment in technology is beginning to pay dividends. VITS LanguageLink is becoming a modern contemporary organisation capable of meeting all challenges in today's highly competitive environment for the provision of language services

The Board is pleased to report that sales grew by 13.9% in 2010/11, building on last year's 14% increase. We have grown from a \$5.8m to a \$7.6m company over the 2 years.

2010/11 has also seen the company return to full profitability.

Our success in gaining a number of tenders ensures VITS LanguageLink remains a leading player in the Industry.

Two industry wide-issues are worth noting.

One is the continuing shortage of qualified interpreters and translators. VITS, in partnership with the Victorian Office for Multicultural Affairs and Citizenship, and RMIT and Monash Universities continues to invest in training programs in an attempt to address such shortages.

The second is the Federal Court decision that has cast doubt on the current contractual relationship

between service providers and interpreters and translators. The VITS board is addressing this situation with a view to ensuring VITS LanguageLink remains at the forefront of industry standards.

I am grateful for the expertise, support and good governance provided by fellow Board members in guiding VITS through another eventful year.

On behalf of the Board I thank our CEO George Bisas and his dedicated and hard working staff at VITS and all our contractors.

I acknowledge our stakeholder, the State Government through the Minister for Multicultural Affairs and Citizenship the Hon Nicholas Kotsiras whose commitment, enthusiasm and support for this organisation and this industry is second to none.

I also thank the Interim Chairperson of the Victorian Multicultural Commission Hakan Akyol and his predecessor George Lekakis for their support and encouragement of VITS.

I commend the VITS LanguageLink 2010/11 Annual Report to you.

Alex Andrianopoulos

**Chairman
VITS LanguageLink**

CEO'S REPORT



I am pleased to present my report for the 2010/11 financial year.

I am able to report a number of very positive outcomes for the company over the last 12 months. Whilst it has been a year of further change and consolidation we have been successful in achieving a significant increase in demand for our services which is reflected in the sales figures.

We have also returned to profit after a challenging 2009/10 financial year.

We report a net profit of \$264,567 which represents a \$416,000 improvement on the previous financial year. Our sales revenue grew by 13.9% in 2010/11, driven by a 15% increase in revenue from on-site interpreting and a 45% increase in telephone interpreting sales.

Underpinning the positive sales figures has been an increase in demand across our interpreting services. Demand for our on-site interpreting services increased significantly for the second consecutive year. We achieved a 13% increase.

Demand for telephone interpreting rose by 21%. We were proud to be the exclusive provider of telephone interpreting services for both the Victorian State and Federal elections in 2010.

The nature of translations work continues to change and we are moving to respond to the demands of our clients. We experienced a decrease in total words translated this financial year, but diversified the types of work we are undertaking and were able to maintain profitability.

These excellent results reflect the work the company has undertaken

to enhance its quality systems as well as our renewed emphasis on service delivery.

Equally important is the critical role of our employees and maintaining exceptional customer service as a competitive advantage in a fast changing language services business landscape.

We needed to ensure we had the proper resources to respond to changing business needs. A review of our staffing structure identified some clear gaps which needed to be addressed.

We required dedicated resourcing to manage our day to day operations and large contractor workforce. We also needed appropriate staffing to manage client relationships and develop our technology strategy. An organisational restructure was implemented and new positions were created to address these gaps.

However, as VITS continues to grow and evolve further changes are anticipated to meet the changing needs of the business.

Engaging with our workforce is critical to our success. We continued to develop an environment in which all staff can feel engaged. VITS staff can expect to receive ongoing and consistent feedback and to communicate about performance and development. This approach formed the basis of the introduction of a staff performance review and development framework, as well, all position descriptions were reviewed.

Our contractor workforce is a critical part of our business. We introduced a new recruitment and induction process which enabled contractors

to be fully informed about VITS and what was required of them.

This new program led to the engagement of an additional 185 language professionals. We also initiated a contractor feedback program that sought comment from our large contractor workforce on a number of issues, including what they saw as our strengths and weaknesses, their preferences and satisfaction levels. We will repeat this regularly to track issues and topics raised by our interpreters and translators.

For the second year in a row VITS committed significant resources to enhancing our technology.

Upgrading our telephone interpreting service was a priority due to the age of the current technology. We are very confident that the new system will enable VITS to be a market leader in the delivery of this type of service.

A full review of our business technology was undertaken with the aim of ensuring we had the right technologies to support our business processes now and into the future. The review has led to the development of a three year technology strategy. This will map out our way forward, ensuring our investment in technology is closely aligned with our business growth strategy.

Strong governance is essential to VITS. Following on from a number of key initiatives last year we continued to strengthen our governance in this financial year.

This year VITS developed a Business Continuity Plan and a Disaster Recovery Plan to provide guidance to management for the

restoration of facilities and critical business processes in the event of a disaster. The plan is a critical part of our broader risk management framework which was established last year.

We continued to play an important role in supporting a number of key industry initiatives.

As part of our commitment to maintaining the availability of a professional workforce we sponsored scholarships for language students RMIT, Monash University and the Victorian Multicultural Commission.

We also participated in a number of key industry advisory bodies, including the Victorian Government's Translating and Interpreting Advisory Group, the Regional Advisory Committee of the national industry accreditation body, NAATI and the Program Advisory Committee of the RMIT language services program.

OUR VALUES

I came to VITS with a strong background in social justice. Respect, fairness and treating people with dignity are the principles underpinning the way I have always worked. I am pleased that this year we developed a set of values or guiding principles which will drive the way we work at VITS.

They are an expression of this company's core beliefs reflected in the individuals who make up the company. Developed in consultation with staff, they tell our customers and employees where the company stands and what the company believes in. (Our company values are listed on the inside cover of this report.)

Our values, along with our mission and vision statement, form the corporate culture and climate of the company.

THE CHALLENGES AHEAD

Over the last two years we have worked to strengthen this company with significant investment in staffing and technology. Our progress has been achieved within a background of major change and uncertainty in the language services industry. We cannot be complacent.

Two further challenges confront VITS LanguageLink in the next financial year. In April 2011 the Federal Court made a ruling involving another Victorian based-language service provider. That ruling has had a major impact on this industry. In the next twelve months VITS will need to respond effectively to maintain its position in the market.

The second major task is to continue rebuilding the company. For the first time VITS has developed a comprehensive technology strategy closely linked to its future business needs. Effective implementation of this strategy is essential.

I would like to thank the Chairperson and the Board of Directors for their continued support and express my gratitude to the staff of VITS for their hard work and commitment over the last twelve months.

George Bisas

CEO
VITS LanguageLink

**HON. ALEX
ANDRIANOPOULOS –
CHAIR**

A former Member and Speaker of the Victorian Parliament who runs his own Asset and Property Management business. Alex has a lifelong commitment to promoting multiculturalism and to addressing issues affecting migrant communities.

**VOULA MESSIMERI-
KIANIDIS AM –
DEPUTY CHAIR**

Executive Director of Australian Greek Welfare Society and the immediate past Chair of the Federation of Ethnic Communities' Councils of Australia (FECCA). Voula serves on a range of state and federal advisory bodies promoting social justice for CALD communities and the recognition of multiculturalism.

**MARINA
WILLIAMS-WYNN**

(B.COM, MA, GAICD)

Marina is a freelance economist with extensive experience in industry economics, the resource sector and regulation. She is also a regulator contributor to The Economist Intelligence Unit. Marina has taught and undertaken research in the Commerce Faculty at the University of Melbourne, held several management roles in a major resource company and is a member of the Essential Services Commission Appeals Panel pool.

MIRIAM SUSS

(B.A MSW)

Miriam is a social worker by profession who has in the past managed social work and community development services in a large multicultural community service agency, and held the position of Executive Officer of the Ethnic Communities Council of Victoria. Miriam has participated in several Ministerial Advisory Committees in the areas of Health, Community Services and Multicultural Affairs. Miriam holds the position of General Manager for Development and Fundraising for Jewish Care.

OZAN IBRISIM

(B.COM, B.ECON)

Ozan is a Government relations professional with extensive experience in advising State and Federal Ministers in a range of policy areas, including health and multicultural affairs. He provides government relations and strategic advice to businesses across a variety of industries.

GRAHAME LEONARD AM

**(B.A (HONS) LLB, CA, CPA, FAICD
(DIP), AFAIM)**

Grahame, a lawyer and chartered accountant was a senior executive in several large public corporations. For the past twenty years he has been a professional non-executive director and consultant to a variety of commercial and not for profit organisations. Over this period he has also served in a variety of honorary leadership roles in communal organisations and maintains a strong interest in, and commitment to, multiculturalism. In 2003 was awarded the Centenary Medal, instituted to commemorate the centenary of Australia's federation and in 2008 Australia Day honours was appointed a Member of the Order of Australia.

MR TREVOR TAPPENDEN

(CA. FAICD)

(UNTIL 17 DECEMBER 2010)

A Partner in Ernst & Young, Australia from 1982 until 2003, specialising in Entrepreneurial Growth Companies; Melbourne Managing Partner from 1997 to 2001 and a Member of the firm's Board of Partners. Trevor is an Independent Company Director for a number of corporate, government and education bodies. He holds the position of Chairman of the Audit and Risk Management Committee for many of those organisations including VITS LanguageLink.

BOARD OF DIRECTORS

VITS IN PROFILE

Who Are We?

VITS LanguageLink is a Victorian Government owned Government Business Enterprise, with over 30 years experience as a specialist language service provider.

We have a long history of providing language services to culturally and linguistically diverse (CALD) Victorians, having evolved from the Victorian Ethnic Affairs Commission, established in 1978.

We compete in an open market with other commercial language service providers for both clients and specialist language service practitioners.

As a Government owned business enterprise we are managed by a Government appointed Board of Directors that oversees the governance structure. Many of our Directors currently hold or have held key positions within the community that guide the direction of multicultural policy and service provision for CALD communities.

Our key business principles:

- > We will continue to be a profitable, self-funding organisation committed to responsible financial management and ethical business practice
- > We will maintain and wherever possible enhance existing services and develop and market new products
- > We will continue to grow our business by diversifying our client base and creating new markets for our whole suite of services
- > We will continuously realign our organisation's capabilities to meet new service demands and achieve new growth targets
- > We will continue to be an employer of choice by providing fair remuneration and a safe working environment

Employing information technology as our key business driver is critical for VITS' innovation strategy. Our use of IT to date has resulted in a

unique range of solutions, all designed to assist clients deliver premium services to CALD consumers in an effective and efficient manner.

Our greatest resource is our people.

A measure of our disciplined focus and our commitment to maintaining high standards in the delivery of our services is that we recruit and provide Professional level NAATI accredited interpreters and translators wherever a language is tested to this level – an increasingly important competitive edge in a growth industry.

An established database of almost 1300 contract interpreters and translators across Australia (over 940 contractors in Victoria), covering over 140 languages, ensures that VITS is able to meet the diverse needs of its many clients.

Our current clients include Victorian Government departments and agencies, Federal Government departments and agencies, non-profit and community based organisations, as well as small to large commercial entities.





Our Business

VITS' core business is interpreting and translating.

However we have a diverse range of services that can assist our clients to communicate effectively with culturally and linguistically diverse Australians. Our current services include:

ON-SITE INTERPRETING

Reliable service which operates 24 hours a day, 7 days a week including public holidays.

PRE-RECORDED MULTILINGUAL INFORMATION SERVICES

VITS' pre-recorded information service allows clients to have their own pre-recorded information in over 100 languages with direct access to an interpreter if required at any point of the call.

(Exclusive to VITS)

TELEPHONE INTERPRETING

Sophisticated Interactive Voice Response technology providing telephone interpreters in over 115 languages.

CONFERENCE INTERPRETING

Specialist conference interpreting (simultaneous and consecutive modes).

TRANSLATIONS

Competency in highly specialised and technical areas including Health, Mental Health, Legal/Justice, Government, Education, Community & Not-For-Profit. We also provide a comprehensive service in the translation of personal documents.

FOCUS TESTING

Facilitator of community focus testing of content pre and post translation.

GRAPHIC DESIGN (DESKTOP PUBLISHING)

Provision of design services in over 100 languages for print or web.

TRAINING AND CONSULTANCY

Delivery of training specific to client requirements and consultancy services.

AUDIO/VISUAL

Expert production of multilingual audio and video material.

Good Governance

VITS is currently governed by a 6-member Board of Directors, appointed by the State Government, which reports to the Minister for Multicultural Affairs and Citizenship as well as the Treasurer. Two Committees support the Board:

- a) Risk Management and Audit Committee, comprising three members of the Board, meets regularly to ensure the financial integrity and probity of all strategic directions and key business decisions, and
- b) Human Resources and Remuneration Committee meets regularly to consider a range of human resources and staff related issues. The committee also undertakes an annual review of the Chief Executive Officer's performance and make recommendations to the Board on appropriate remuneration.

Policy Development

In 2010/11, VITS maintained its focus on internal policies and procedures to ensure we improve and update our services in line with changing responsibilities.

During the last 12 months we reviewed and updated a range of important policies that outline our position on various issues, establish frameworks for decision-making, and guide our performance. All policies are maintained in a Policy Register which is available to staff and the general public.

Policies reviewed and/or updated in 2010/11 included:

Financial Delegations Framework and Schedule

Fraud Policy

Parental Leave Policy

Performance Management Policy and Framework

Business Continuity and Disaster Recovery Plan

An important aspect of good governance is development of the capacity to respond to an incident that is likely to have a significant impact on our ability to operate. In plain language, it is working out how to stay in business in the event of disaster. Typical incidents include events like building fires or floods, but preparedness should extend to other events with the potential to disrupt the business, including loss of source of supply, loss of critical infrastructure (a major piece of computing/network resource), or the result of theft or vandalism.

This year VITS developed a Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) to provide guidance to VITS management for the restoration of facilities and critical business processes. An essential requirement is that VITS remains able to provide services to an acceptable level, both for contractual reasons and to preserve the reputation of the business. The BCP defines, at a high level, the recovery procedures required to continue/restore core services in the event of a disaster.

The plan is a critical part of our broader risk management framework.

Testing and maintenance of the BCP is critical to ensuring that the document remains both relevant and reliable for use in the event of a disaster. VITS will regularly test the plans to ensure we are able to recover operations effectively.

Board Member	BOARD MEETINGS		COMMITTEES	
	Eligible to attend	Attended	Eligible to Attend	Attended
Alex Andrianopoulos	10	10	2	2
Voula Messimeri-Kianidis	10	8	2	2
Grahame Leonard	10	10	6	5
Marina Williams-Wynn	10	10	6	6
Miriam Suss	10	10	2	2
Ozan Ibrisim	10	7	6	3
Trevor Tappenden (until December 17, 2010)	5	5	3	3

VITS Quality Management

Quality service delivery is very important to VITS. We believe that improvements undertaken over the last two years have contributed to the significant increase in demand for our services. Each staff member understands their responsibility in ensuring the quality of our services.

This year VITS continued to implement the VITS Quality System (VQS), that when fully implemented will meet the requirements of ISO 9001, the international standard for quality systems. Key initiatives in 2010/11 included:

1. Undertaking full process mapping of our internal core processes as part of fully documenting our standards and work practices.
2. Developing quality management processes.
3. Establishing a document control system, VQS Infostore.
4. Developing position descriptions in line with the VQS to ensure we engage suitably qualified, skilled and experienced people to work at VITS.
5. Improving operational reporting in line with quality objectives.

We have engaged a certifying body to conduct the audit process which will ensure we are fully certified in 2011.

Client Complaint Policy and Procedure

We want to know what our clients think of our services. Whilst we enjoy hearing about things we do well, we also need to understand when our service is not meeting the needs of our customers. A critical component of any quality management system is to provide an avenue for feedback from service users.

Our Customer Service Charter outlines what customers can expect from VITS LanguageLink in relation to service delivery.

Our Client Complaint Policy aims to encourage clients to raise concerns with us.

During the last financial year we received 115 complaints from customers relating to a number of aspects of our business. This represents a 20% decrease in recorded complaints from the previous financial year. We responded to each complaint within the required time frame.

Complaints related to the performance of interpreters, the responsiveness of our internal staff and the quality of our telephone interpreting services. We apply a consistent and systematic approach to complaints, based on the principles of being client-focussed, accessible, open, responsive, objective and accountable.

All feedback is considered in relation to improving service delivery.

Service Reliability

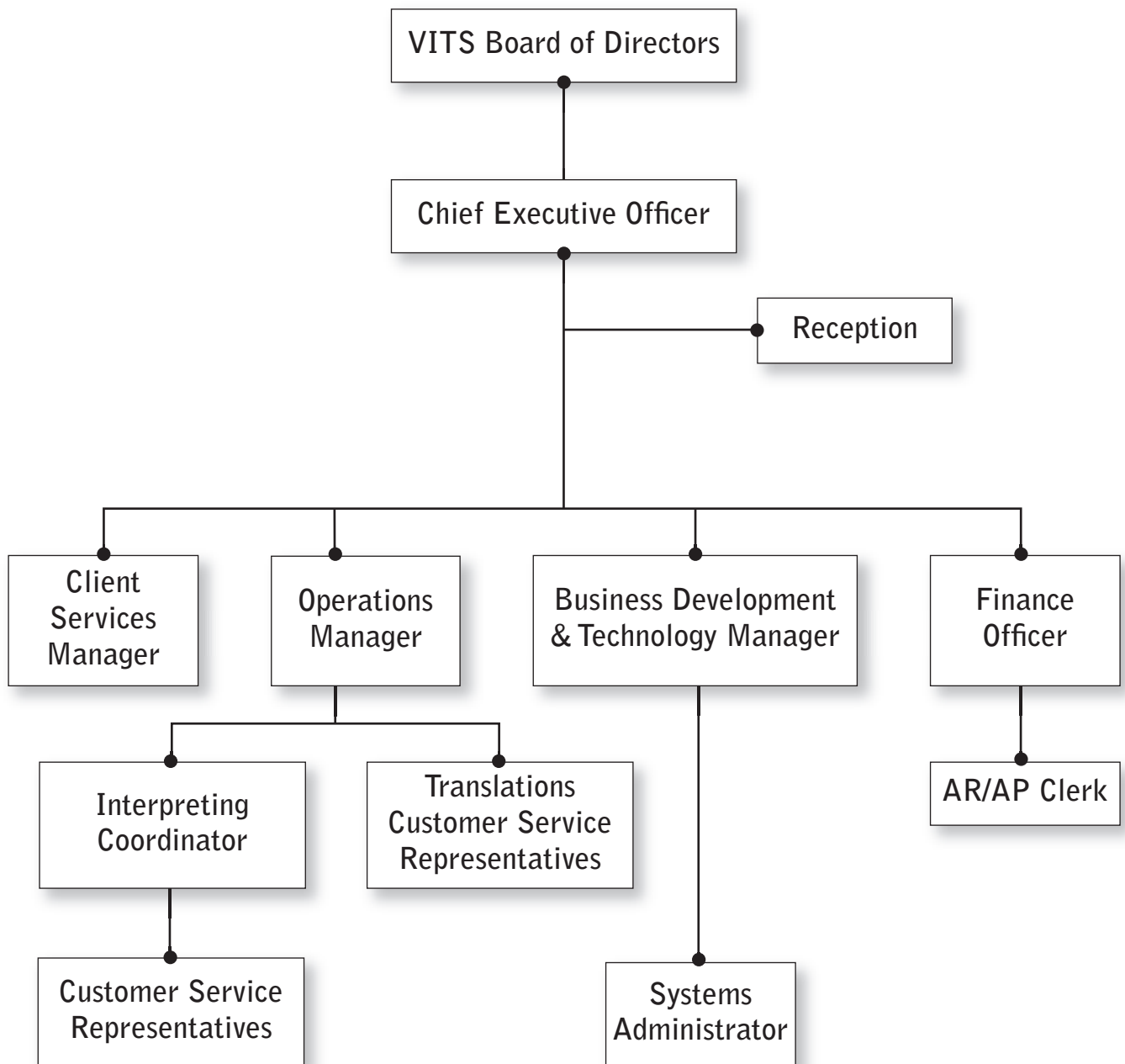
VITS implemented a number of processes and maintained a number of checks and balances aimed at guaranteeing service. These included:

- > Establishing a Quality Management System (with ISO 9001 certification pending)
- > Documenting policy and procedures
- > Advancing Technology platforms and applications
- > Developing a Complaints Register
- > Establishing a Corrective Action Log
- > Setting up a Risk Strategy Framework and Register
- > Developing a Business Continuity Plan/Disaster Recovery Plan
- > Engaging external auditing by Victorian Auditor General's Office

Financial Management

We report as required under the State Owned Enterprises Act and provide ongoing reports to the Commercial Advisory Services Group within Treasury. Our annual accounts are audited by the Auditor General to ensure that they comply with the relevant accounting standards required by the professional accounting bodies, as well as the Victorian Government.

As well as submitting annual corporate and business planning documents, VITS also reports regularly through the year to both the Minister for Multicultural Affairs and Citizenship and the Treasurer on progress towards meeting the financial and productivity targets set in the agreed plans.



ORGANISATIONAL STRUCTURE

OPERATIONAL PERFORMANCE

Key Performance Indicators >

For the second year in a row we have experienced a significant increase in demand for the services provided by VITS LanguageLink. We believe the increase is a result of our more responsive, quality managed service delivery.

Two key service areas, on-site interpreting and telephone interpreting, have seen a marked increase in demand. Our translations work has seen a slight decrease compared with the previous year, but the nature of that work continues to change.

RESULTS AT A GLANCE

On Site Interpreting

- > Over 93% of all requests received were successfully serviced.
- > 13% increase from the previous year for on-site interpreting requests.
- > 43% of all interpreting requests were self-allocated by contractors using our new PUSH desktop messaging system. This compares to 29% last year.
- > 36% of all new interpreting requests were lodged by clients using our Online Client Portal compared to 33% last year.

We have seen significant increased demand for on-site interpreting in a number of languages, many of them from new and emerging communities. The top ten increases in demand have occurred in the following languages:

Hazaragi (321% increase), Tedim (285%), Tamil (145%), Indonesian (89%), Hmong (69%), Bengali (56%), Persian (55%), Macedonian (48%), Dari (46%) and Urdu (40%).

We also experienced significant increases in Nepali, Shanghainese and Tibetan.

Top ten languages requested for on-site interpreting as a total of all jobs were: Vietnamese (13%), Mandarin (11%), Arabic (9%), Dari (6%), Turkish (5%), Greek (5%), Cantonese (4%), Italian (3%), Cambodian (3%) and Persian (2.5%).

Telephone Interpreting

- > 22% increase in telephone interpreter calls.
- > 79% of all telephone interpreting calls connected in under 3 minutes

- > An additional 146 interpreters were added to our telephone interpreter service

VITS was proud to provide exclusive telephone interpreting services for both the Victorian election, and nationally, for the Federal election, both held in late 2010.

We experienced significant growth in demand for telephone interpreting in both Cantonese and Mandarin. Small and emerging communities have also begun to utilise this form of interpreting to a greater extent.

Top ten languages requested for telephone interpreting as a total of all jobs were: Mandarin (18%), Vietnamese (17%), Arabic (11%), Cantonese (11%), Greek (8%), Italian (4%), Russian (4%), Turkish (4%), Spanish (3%) and Korean (2%).

Translations

- > Total words translated dropped by 7.4% in 2010/11.
- > 93% of all translations were undertaken by NAATI level 3 or above.

VITS experienced a 15% drop in translations work from the Department of Immigration and Citizenship largely due to a change in migration categories in this financial year.

Top ten languages requested for translations as a total of all jobs were: Chinese (18%), Arabic (14%), Persian (9%), Vietnamese (6%), Spanish (5%), Dari (5%), Russian (4%), Malay (3%), Italian (3%) and French (2%).

Almost 20% of our translation work was for rare and emerging languages, indicating a high demand for written translated information by the newer, emerging communities

Two projects undertaken by VITS in the financial year reflect the changing nature of translations work for this company. They were:

ACCESSIBLE FILES:

VITS supplied accessible files in foreign languages for vision impaired people from non-English speaking backgrounds. These translations, included on a local Government website, have the added enhancement of hyperlinked audio recorded files, allowing vision-impaired people from non-English speaking backgrounds to listen, rather than read.

WEB BASED AUDIO TRANSLATION PROJECT:

VITS LanguageLink was proud to be involved with a local council to supply both written translations and corresponding audio recordings that could be accessed via the council's website. The hyperlinked audio recorded files were aimed at people from non-English speaking backgrounds with low levels of literacy in their own language.

We expect to provide more diverse delivery options for translations in the near future and further consultation will take place with our clients to ensure that VITS remains at the forefront of translations service delivery.



Business Growth >

The 2010/2011 financial year was spent maximising sales potential with existing clients and pursuing new opportunities arising in the market. This approach has delivered high, consistent growth year on year of 13.9%. The client management strategy employed over the past twelve months has played an important role in maintaining customer relationships and underpinned our growth performance.

Our tendering success remained consistent with our previous year's performance. The business approach to tendering is controlled by employing risk management strategies for regulatory, legislative and contractual compliance, and operational capacity to meet tender/contract specifications.

In 2010/11 we registered a 4.5% increase in new clients (numbering 139). These clients were a mix of State & Federal Government departments as well as not-for-profit and commercial/private clients. The greatest growth in new clients came from a range of national commercial clients. A breakdown of sectors which defined our growth over the last 12 months were:

SECTOR	% SHARE
Commercial – National	37%
Commonwealth Government – Federal	27%
State Government – Victoria	24%
Non-Profit Community Organisations	8%
Local Government – Victoria	2%
State Government – Outside Victoria	1%
International	1%

We secured a number of opportunities as a result of our business development activities that contributed strongly to our overall performance. These opportunities delivered a range of benefits, both financial and non-financial, which reinforced our operational stability and adaptability.

Our activities included:

- > Activation and management of a seven figure contract with one of the largest consumer facing Victorian Government authorities.
- > Federal and state contracts for the telecommunications support of two major elections.
- > A range of highly technical translation and audio projects.
- > A range of web redevelopment projects.
- > Federal Government contract extension for immigration and settlement services.
- > Successful negotiation of partnering arrangements for emergency interpreter services with peer providers.

The tooling required by the broader market to service Australia's growing CALD population (from immigration and ageing populations) is changing rapidly. Our customer's needs are changing calling for greater flexibility in how they must respond and communicate with their stakeholders. We have met these market challenges and have delivered.

A range of promotional collateral was developed to market our range of services. These sales tools are featured at trade road shows and conferences promoting the VITS' suite of services.

Interim sales initiatives were trialed to measure response towards seasonal promotions, which delivered promising results. This information will be used to formulate future offerings.

We continued to focus on promoting our brand and services to Local Government across the state of Victoria. This was achieved through electronic and direct marketing to CEOs and buyers within Councils of our Multilingual Information Services; a core service utilised by Local Government. The strategy saw new services purchased by Local Government Councils. An interim visitation program was also implemented across a number of Local Councils.

We marketed our exclusive range of telephone based interpreting services through GovLink a national Local Government buyer's guide that is distributed nationally across all Local Governments in Australia.

Technology in Business >

The past year was spent developing the business' technology roadmap ensuring it strongly aligned with our growth strategy. The appointment of a Business Development and Technology Manager role was intrinsic to this journey. The business had to ensure the strategies were both complementary and targeted towards achieving VITS' growth potential.

The first step was to upgrade the telecommunications platform which supports our entire business operation, including our telephone interpreting service. This was predicated around systems that are widely adopted in the market today, ensuring that the technology remains current. The upgrade served two purposes: to update our existing on-site PBX/IVR competencies, as well rebuild our telephone interpreting service.

Moving to a unified communications platform is the first step towards improving our overall service delivery culture. This VoIP based technology, regarded as a global market leader, positions our business with a strong long term IT solution which is both highly adaptable and grows with our business. We partnered with a contact centre solution organisation specialising in implementing unified communications solutions.

Our telephone interpreting service received a high degree of attention. We have used our technology upgrade to rebuild our current service in order to ensure our ability to meet the needs of the current and future market. We are confident in the competencies of the new telephone interpreting service and believe it will be paramount to our future success.

We commissioned a Business Technology review spanning the entire business and all operational/managerial functions. It took place in the fourth quarter of 2010/11 and was conducted by an external business technology consultancy with extensive experience in commercial and government sectors.

The Business Technology review focused on finding the right mix of new technologies to support the business processes our people manage on a day to day basis. It focused on current and future infrastructure requirements – finding the right technologies to support our business now and well into the future.

The core recommendations of the roadmap involve the selection, procurement and implementation of 5 key technologies to support VITS' continued growth:

- > A Web Content Management System
- > A Customer Relationship Management Solution
- > A Human Resources Management and Payroll System
- > A Finance/Accounting and Corporate Reporting System
- > An Electronic Document and Records Management System

Our technology roadmap, once adopted and approved by the Board of Directors will commence rolling out from the first quarter of the new financial year.

Workforce Management >

STAFF

In 2010/11 we undertook a review of the current staffing profile and implemented an organisational restructure aimed at providing dedicated resources to three priority areas: management of our day to day operations, including our large contractor workforce; client relationship management; and development of our technology strategy.

Three new positions were created. We recruited a new Operations Manager, with responsibility for operations and contractor management. Two existing roles were amalgamated into a new Business Development and Technology Manager position. Its key responsibility is to develop VITS' future technology platform, ensuring that it aligns with our long term growth strategy. And finally, a Client Services Manager was appointed internally, with responsibility for managing relationships with existing clients—a core part of VITS' growth strategy.

As VITS continues to grow and evolve, further changes are anticipated to meet the changing needs of the business.

As part of its commitment to providing a productive and satisfying work environment VITS introduced a number of key initiatives this year.

Firstly, we introduced a staff performance review and development framework based on the principles of continuous improvement. The framework is designed to contribute to the creation of an environment in which all staff can expect to receive ongoing and consistent feedback,

and to communicate about performance and development. The process is undertaken within the context of the goals and objectives of the company.

As part of our commitment to continuous improvement VITS has initiated performance development meetings as well as structured one-on-one meetings between supervisors and employees.

VITS continues to increase the investment it makes in staff training and development as it continues to identify the skills it requires to grow and move forward.

Secondly, all staff contributed to the development of a set of values. These are seen as guiding principles for the company; they tell our customers and employees where the company stands and what the company believes in. A set of values were developed and we believe they are an expression of this company's core beliefs as reflected in its people.

Our values are listed on the inside cover of this report.

VITS staff formally transferred to coverage under the State Government Agencies Administration Award 2010. Previously, staff employed by Government agencies such as VITS were not covered by an award.

Finally we began a process of reviewing all position descriptions to ensure they met our required skill set and the requirements of our quality management framework.

CONTRACTORS

Contractor recruitment and induction

As an important part of our contractor management strategy, VITS has developed a new and improved recruitment and induction process.

The program provides new contractors with information sessions directed at ensuring all new VITS contractors are informed about VITS, its policies, technology and processes. We believe the program will enhance the quality of service delivery to VITS' clients.

Our independent contractors are a critical component of this business. VITS is committed to ensuring fair and equitable conditions and remaining responsive to the needs of our large contractor base.

With this in mind, we initiated a contractor feedback initiative in 2010/11. A survey was sent to all independent contractors seeking their views on a range of issues. We aim to use this information to improve the nature of our products, our customer service and processes on an ongoing basis.

Examples of data from the survey included:

- > Contractor preferences, technology usage and their profile.
- > Regular feedback on VITS' strengths and weaknesses, as perceived by the contractor workforce.
- > Contractor satisfaction levels.

In addition to this survey, which we will issue annually, we have also initiated a contractor feedback system which enables contractors to provide or log feedback in relation to their work on a regular basis.

By tracking the issues and/or topics raised, we can improve our customer service, products and relationships with our clients and contractors.

Ensuring fair and equitable conditions and identifying professional development opportunities are key components to attracting and retaining appropriate contractors to the profession. Language service providers such as VITS also have a responsibility in raising awareness of the important role interpreters play in the provision of services.

The recruitment of an Operations Manager with responsibility for contractor recruitment and management has resulted in a streamlining of these processes and has led to significant increases in the number of interpreters and translators contracted to VITS.

We continued to recruit new contractors for both established and rare languages, but also placed a great deal of emphasis on recruiting for languages where we have been unable to meet service demands.

In 2010/11 we recruited a total of 146 interpreters and an additional 39 translators. Of the new recruits, many were rare and emerging language practitioners.

The following languages were targeted for recruitment

Albanian, Amharic, Arabic, Assyrian, Auslan, Azerbaijani, Bengali, Bosnian, Burmese, Cambodian, Chaldean, Chin, Chin (senthang), Chin hakha, Dari, Dinka, Falam, French, Greek, Hakka, Hazaragi, Hindi, Indonesian, Italian, Japanese, Karen, Karenni, Korean, Kurdish, Lingala, Macedonian,

Mandarin, Mizo, Nepali, Nuer, Oromo, Pashto, Persian, Punjabi, Russian, Serbian, Shanghainese, Sinhalese, Somali, Spanish, Sudanese, Swahili, Tamil, Tedim, Tigre, Tigrigna, Turkish, Ukrainian, Urdu, Vietnamese, Zomi and Zophei.

We recruit contractors through a range of channels which include (but are not limited to):

- > Partnership arrangements with vocational and tertiary institutions
- > Referrals and leads
- > Contact with industry associations including NAATI and AUSIT
- > Media advertising which this year included extensive advertising in the Italian media.

Recruitment of practitioners from older, established languages continues to be a problem, as there are limited options available for replacing retiring practitioners. As demand for established languages increases, the recruitment pool continues to shrink as fewer young interpreters opt to enter the profession.

Contractor communications

Over the last year, VITS has significantly improved its capability to communicate with its contractors.

By implementing a communications calendar, VITS is able to inform contractors about any client news, training and development initiatives, market developments and/or VITS related issues with a short lead time, if required.



In 2010/11 VITS maintained its commitment to investing in the broader language service industry by continuing to support a range of programs and initiatives that enhance the delivery of language services in Victoria. Our support, both financial and non-financial, also contributed to positively promoting our culturally and linguistically diverse community.

Providing professional development opportunities for language practitioners is very important to VITS. We support them through various sponsorship and advisory arrangements with a number of vocational and tertiary institutions. These programs enhance the skills of language professionals and ultimately benefit the entire industry.

VITS once again sponsored the Victorian Multicultural Commission's Interpreter Scholarship Program. The program aims to increase the supply of interpreters in emerging languages. These scholarships, supported by VITS, enable students to enrol in the Diploma of Interpreting at RMIT University.

We again provided financial support to the Monash University Professional Development and Internship Program for translators and interpreters. VITS provided sponsorship for the Legal Interpreting modules.

Our CEO joined the RMIT Program Advisory Committee that provides advice and guidance on the development of Language Services programs at RMIT.

VITS continued to support the peak industry body, the Australian Institute of Interpreters and Translators (AUSIT), and we were a sponsor of their Annual Conference held in Perth in November 2010.

We have committed to sponsoring, exclusively, a national police interpreting conference organised by RMIT in November 2011.

The Office of Housing (Department of Human Services) commenced an initiative to encourage residents of public housing in Victoria to consider interpreting as a career. This unique initiative drew on the idea of supporting residents, many of whom require interpreter services, to take up the profession. VITS was very pleased to support the program.

ADEC, a Statewide service working with people with disability from culturally and linguistically diverse communities, delivered training for interpreters on how to effectively work with people with disability and their carers. VITS fully supported this program and aims to sponsor additional sessions next year.

Supporting our broader community is also a key objective of VITS sponsorship. Once again VITS was proud to support the Victorian Multicultural Commission's Cultural Diversity Week.

VITS remains a member of the National Accreditation Authority for Translators and Interpreters (NAATI) regional advisory committee and of the Victorian Government's language services advisory group.

TRAINING

Demand for training from clients continued in 2010/11 with the following programs being the most requested.

i An Introduction to Working with Interpreters

This training assists participants to work more effectively with interpreters by employing appropriate skills and techniques when dealing with people from linguistically diverse backgrounds.

ii An Introduction to Cross Cultural Communication

The training assists participants to work more effectively within a cross cultural communication setting by employing appropriate knowledge and various communication strategies for engaging with people or clients from culturally and linguistically diverse backgrounds.

Sessions were provided as part of a broader contract or were available for purchase as a standalone service.

INVESTING IN OUR INDUSTRY & THE COMMUNITY

AUDITED FINANCIAL STATEMENT

VITS LanguageLink FINANCIAL STATEMENT 2010/2011

FOR THE YEAR ENDED 30 JUNE 2011

	PAGE
Comprehensive Operating Statement for the year ended 30 June 2011	22
Balance sheet as at 30 June 2011	23
Statement of changes in equity for the year ended 30 June 2011	24
Cash flow statement for the year ended 30 June 2011	24
Notes to the financial report for the year ended 30 June 2011	25
Note 1 Summary of significant accounting policies	
Note 2 Sale of services	
Note 3 Employee expenses	
Note 4 Other operating expenses	
Note 5 Receivables	
Note 6 Plant and equipment	
Note 7 Payables	
Note 8 Borrowings	
Note 9 Provisions	
Note 10 Superannuation	
Note 11 Notes to the statement of cash flows	
Note 12 Responsible Persons	
Note 13 Commitments for expenditure	
Note 14 Contingent Liabilities	
Note 15 Remuneration of auditors	
Note 16 Financial instruments	

VITS LanguageLink COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note(s)	2011 \$	2010 \$
INCOME FROM TRANSACTIONS			
Sale of services	2	7,599,889	6,669,518
Interest		26,983	21,651
Total income from transactions		7,626,871	6,691,169
EXPENSES FROM TRANSACTIONS			
Cost of services		5,535,796	4,964,723
Employee expenses	3	1,045,456	1,069,629
Supplies and services		697,701	736,985
Depreciation and amortisation	6	60,093	53,018
Interest expense		654	-
Other operating expenses	4	23,184	19,746
Total Expenses from transactions		7,362,884	6,844,100
Net result from transaction (net operating balance)		263,987	(152,931)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial asset		580	1,400
Total other economic flows included in net result		580	1,400
COMPREHENSIVE RESULT		264,567	(151,531)

The comprehensive operating statement should be read in conjunction with the accompanying notes.

VITS LanguageLink BALANCE SHEET

AS AT 30 JUNE 2011

	Note(s)	2011 \$	2010 \$
ASSETS			
Financial assets			
Cash		648,486	367,683
Receivables	5	1,276,081	1,342,083
Prepayments		22,223	24,104
Total financial assets		1,946,790	1,733,870
NON-FINANCIAL ASSETS			
Plant and equipment	6	408,749	347,821
Total non-financial assets		408,749	347,821
Total assets		2,355,539	2,081,692
LIABILITIES			
Payables	7	419,033	479,007
Unearned Income		65,992	111,000
Provisions	9	152,008	127,746
Borrowings	8	90,000	-
Total liabilities		727,033	717,753
Net Assets		1,628,506	1,363,939
EQUITY			
Contributed capital		400,000	400,000
Accumulated surplus		1,228,506	963,939
Net worth		1,628,506	1,363,939

The balance sheet should be read in conjunction with the accompanying notes.

VITS LanguageLink STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Accumulated Surplus	Contributed by Owner	Total
Balance at 1 July 2009	1,115,470	400,000	1,515,470
Net result for the year	(152,931)		(152,931)
Other comprehensive income for the year	1,400		1,400
Capital appropriations		-	
Balance at 30 June 2010	963,939	400,000	1,363,939
Net result for the year	263,987		263,987
Other comprehensive income for the year	580		580
Capital appropriations		-	
Balance at 30 June 2011	1,228,506	400,000	1,628,506

The statement of changes in equity should be read in conjunction with the accompanying notes.

VITS LanguageLink CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note(s)	2011 \$	2010 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		7,621,478	6,267,423
Payments to suppliers & employees		(6,771,332)	(6,171,395)
GST paid to the ATO		(564,652)	(455,717)
Interest received		26,983	21,651
Interest paid		(654)	-
Net cash inflow from operating activities	11	311,823	(338,038)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Telecommunication/IVR System		(79,133)	-
Purchase of Booking System		(36,511)	(92,352)
Purchase of Office equipment and furniture		(5,377)	-
Net cash used in investing activities		(121,020)	(92,352)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from TCV Loan		90,000	-
Net cash used in financing activities		90,000	-
Net (decrease)/increase in cash held		280,803	(430,390)
Cash at the beginning of financial year		367,683	798,073
Cash at the end of financial year		648,486	367,683

The cash flow statement should be read in conjunction with the accompanying notes.

VITS LanguageLink NOTES TO THE FINANCIAL STATEMENT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) which includes interpretations issued by the Australian Accounting Standards Board (AASB).

b) Basis of Accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the organisation.

The report has been prepared in accordance with historical cost. Historical cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

c) Reporting entity

The financial statements cover VITS LanguageLink as an individual reporting entity. Its principle address is:

VITS LanguageLink
Level 1, 371 Spencer Street
Melbourne VIC 3000

d) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from "transactions" or "other economic flows". This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of financial statements*.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually transactions between two entities by mutual agreement.

'Other economic flows' are changes arising from market re-measurements. They include gain or loss from disposal and impairments of non current physical and intangible assets.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to the amount recognised in the comprehensive result and the amount recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of cash flows*.

e) Income from transactions

Sales of services

Income from the provision of services is recognised when the service has been provided.

f) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include wages and salary, superannuation expenses, annual leave and long service leave payments, fringe benefit tax and termination expenses which are reported separately.

Depreciation and Amortisation

All fixed assets (office equipment, furniture and fittings, and intangible assets) that have a limited useful life are depreciated or amortised. Depreciation and amortisation are calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Asset class	Useful life
Office equipment	3-5 years
Furniture and fitting	5 years
Intangible assets	10 years

Interest expense

Interest expenses are recognised in the period in which they are incurred.

Supplies and services

Supplies and services expenses are recognised in the reporting period in which they are incurred.

Operating lease rental expenses

Operating lease rental expenses relate to a three year contract of computer leases and are recognised as expenses in the reporting period in which they are incurred.

Provision for Doubtful debts

The write off of bad debts is assessed at the end of each financial year and any uncollectible debts are recognised and classified as a transaction expense.

Cost of services provided

Cost of services provided are costs related to the income received as sales of services and are recognised in the same period as income.

VITS LanguageLink NOTES TO THE FINANCIAL STATEMENT (continued)

g) Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions: This includes:

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial asset and liabilities includes realised and unrealised gains and losses.

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised on the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the assets at that time.

h) Financial assets

Cash

Cash includes cash on hand and cash in bank.

Receivables

Receivables consists predominantly of amounts owing from our debtors in relation to the service we have provided.

Prepayments

Prepayments represent payments in advance of receipt of services.

i) Non-financial assets

Plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the company.

j) Liabilities

Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for services provided to the company prior to the end of the financial year that are unpaid, and arise when the company becomes obliged to make future payments in respect of the purchase of services.

Other liabilities included in payables consist of goods and services tax and payroll tax payable.

Borrowings

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs.

Unearned Income

Unearned Income is revenue received in advance for services that have not been fully provided.

Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is

probable, and the amount of the provision can be measured reliably.

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

Current provision

All annual leave and unconditional vested long service leave representing seven or more years of continuous service is:

- (a) disclosed as a current liability where the company does not expect to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should the employee take leave within 12 months; and
- (b) measured at:
 - (i) nominal value under AASB 119 where a component of this current liability is expected to fall due within 12 months after the end of the period; and
 - (ii) present value under AASB 119 where the company does not expect to settle a component of this current liability within 12 months.

Non-current provision

Long service leave representing less than seven years of continuous service is:

- (a) disclosed in accordance with AASB 101 as non-current liability; and
- (b) measured at present value under AASB 119 as the company does not expect to settle this non-current liability within 12 months.

k) Equity

Contribution by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital.

l) State Business Corporation

On the 17th December 1998 VITS LanguageLink (formerly known as Victorian Interpreting & Translating Service) was declared to be a State Business Corporation.

On the 14th January, 1999 the Treasurer formerly announced under Section 46 of the State Owned Enterprises Act 1992 that initial capital of VITS LanguageLink was to be the sum of \$400,000.

On the 1st December 2001 under Order in Council Victorian Interpreting & Translating Service was granted a change of name to VITS LanguageLink.

m) Australian Accounting Standards (AASs) issued but not yet effective.

Certain new AASs have been published that are not mandatory for the 30th June 2011 reporting.

VITS has not early adopted these standards and is currently assessing their impact.

NOTE:	2011 \$	2010 \$
2 SALE OF SERVICES		
Interpreting services	6,283,848	5,245,891
Translation services	1,291,796	1,400,375
Others	24,245	23,253
	<u>7,599,889</u>	<u>6,669,518</u>
3 EMPLOYEE EXPENSES		
Salary, wages, annual leave and long service leave	978,842	880,377
Employer superannuation contribution	66,613	62,704
Termination benefit	-	126,547
Total employee expenses	<u>1,045,456</u>	<u>1,069,629</u>
4 OTHER OPERATING EXPENSES		
Operating lease rental expense	18,042	12,255
Bad debt written off	5,142	7,491
	<u>23,184</u>	<u>19,746</u>
5 RECEIVABLES		
Receivables	1,038,035	981,330
Accrued revenue	238,046	360,754
	<u>1,276,081</u>	<u>1,342,083</u>
6 PLANT AND EQUIPMENT (AT FAIR VALUE)		
Furniture and fittings	136,130	136,130
Accumulated depreciation	(132,348)	(130,852)
	<u>3,782</u>	<u>5,278</u>
Office equipment	187,727	182,349
Accumulated depreciation	(134,701)	(111,903)
	<u>53,025</u>	<u>70,446</u>
Intangible Assets:		
Booking system	351,964	315,453
Accumulated amortisation	(79,155)	(43,356)
	<u>272,809</u>	<u>272,097</u>
Telecommunication/IVR system *	79,133	-
Accumulated amortisation	-	-
	<u>79,133</u>	<u>-</u>
Total Plant and Equipment	<u>408,749</u>	<u>347,821</u>

* Note: Telecommunication/IVR System is under work in progress. The amount represents 30% milestone payment of total contract amount.

	Intangible Asset	Furniture & Fittings	Office Equipment	Total
30 June 2010				
Balance at 1 July 2009	205,501	9,715	93,272	308,488
Additions	92,352		-	92,352
Depreciation	(25,756)	(4,437)	(22,826)	(53,018)
Balance at 30 June 2010	<u>272,097</u>	<u>5,278</u>	<u>70,446</u>	<u>347,821</u>
30 June 2011				
Balance at 1 July 2010	272,097	5,278	70,446	347,821
Additions	115,645	0	5,377	121,022
Depreciation	(35,799)	(1,496)	(22,798)	(60,093)
Balance at 30 June 2011	<u>351,943</u>	<u>3,782</u>	<u>53,025</u>	<u>408,749</u>

VITS LanguageLink NOTES TO THE FINANCIAL STATEMENT (continued)

NOTE:	2011	2010
	\$	\$
7 PAYABLES		
Contractual		
Supplies and services	208,768	312,363
Accrued expenses	38,962	18,515
	<u>247,730</u>	<u>330,878</u>
Statutory		
Taxes payable	171,304	148,129
Total payables	<u>419,033</u>	<u>479,007</u>
8 BORROWINGS		
Loan from TCV	90,000	-
	<u>90,000</u>	<u>-</u>
9 PROVISIONS		
Current		
Annual Leave	72,646	49,638
Long Service Leave	66,853	72,176
	<u>139,499</u>	<u>121,814</u>
Non-Current		
Long service leave	12,509	5,932
Total provisions	<u>152,008</u>	<u>127,746</u>
Movement in Provisions		
	Annual leave	LSL
2011		
Opening balance	49,638	78,108
Leave taken/paid	(50,223)	(9,519)
Additional provision provided	73,231	10,772
Closing balance	<u>72,646</u>	<u>79,361</u>
2010		
Opening balance	43,604	83,546
Leave taken/paid	(58,197)	(35,345)
Additional provision provided	64,230	29,907
	<u>49,638</u>	<u>78,108</u>

10 SUPERANNUATION

The name and details of the major employee superannuation funds and contributions made thereto are as follows:

a) Types of fund

Fund	Type of Fund	Contribution Rate	
		2011	2010
Vic Super	Accumulation	9.00%	9.00%

b) Contributions made

Fund	No of employees		Contributions	
	2011	2010	2011	2010
Vic Super	13	16	48,519	42,268
Agest Super	1	1	743	882
Rest Super	1	3	0	9,322
MLC	1	0	4,205	0
Telstra Super	1	1	3,654	3,453
Health Super	1	0	1,102	0
Care Super	1	1	8,390	6,779
			<u>66,613</u>	<u>62,704</u>

There were no contributions outstanding as at 30th June 2011 (2010 nil)

NOTE:

11 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of net result of the period	2011	2010
Surplus (deficit) for the period	264,567	(151,531)
Add:		
Depreciation	60,093	53,018
Increase/(Decrease) annual leave and long service leave	24,262	595
Increase/(Decrease) in payables	(104,984)	136,772
(Increase)/Decrease in receivables and prepayments	67,885	(376,892)
Net cash provided by operating activities	<u>311,823</u>	<u>(338,038)</u>

12 RESPONSIBLE PERSONS

The names of persons who were Responsible persons during the financial year are:

Responsible Ministers	Hon. John Brumby (01/07/2010-02/12/2010)
	Hon. John Lenders
	Hon. James Merlino
	Hon. Kim Wells (02/12/2010-30/06/2011)
Governing Board of Directors	Hon. Nicholas Kotsiras
	Mr. Alex Andrianopolous - Chair
Accountable Officer	Ms. Voula Messimeri-Kianidis - Deputy Chair
	Mr. Trevor Tappenden (01/07/2010-17/12/2010)
	Ms. Marina Williams-Wynn
	Ms. Miriam Suss
	Mr. Grahame Leonard
	Mr. Ozan Ibrisim
	Mr. George Bisas

REMUNERATION OF RESPONSIBLE PERSONS (BOARD OF DIRECTORS & ACCOUNTABLE OFFICER)

Remuneration received or receivable by the responsible persons during the reporting period are shown below:

	Total 2011	Base 2011	Total 2010	Base 2010
Income of				
\$ 0 TO \$ 9,999	6	6	6	6
\$10,000 TO \$19,999	1	1	1	1
\$70,000 TO \$79,999	0	0	0	0
\$80,000 TO \$89,999	0	0	0	0
\$150,000 TO \$159,999	1	1	1	1
Total remuneration	226,082	218,582	248,188	248,188

Ministerial remuneration is disclosed in the annual report of the Department of Premier and Cabinet.

Other Transactions of Responsible persons and related parties

Other related transactions and loans requiring disclosure under the Directions of the Minister of Finance have been considered and there are no matters to report.

13 COMMITMENTS FOR EXPENDITURE

Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:

	2011	2010
	\$	\$
Within one year	158,108	153,753
Later than one year and not longer than 5 years	42,834	201,183
	<u>200,942</u>	<u>354,936</u>

VITS LanguageLink NOTES TO THE FINANCIAL STATEMENT (continued)

NOTE:

13 COMMITMENTS FOR EXPENDITURE (CONTINUED)

Capital lease commitments	2011	2010
	\$	\$
ICT Telephone System upgrading commitments		
Commitments to pay balance of CIC contract	184,642	
Commitment software development for CIC	65,000	
	<u>249,642</u>	<u> </u>
Infrastructure development		
Redevelopment of network infrastructure and business software platforms	87,923	
	<u>87,923</u>	<u> </u>

14 CONTINGENT LIABILITIES

- At 30 June 2011 VITS has a contingent liability related to a legal proceeding and dispute - Fair Work Australia
- As a result of a recent Federal court decision VITS may have a retrospective superannuation liability.

15 REMUNERATION OF AUDITORS

	2011	2010
Victorian Auditor-General's Office		
Audit of the financial statement	13,700	13,500

16 FINANCIAL INSTRUMENTS

a) Cash on hand and at bank is valued at face value.

Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Payables and accruals are recognised for amounts to be paid in the future. Payables are normally settled on 30 day terms. Loan from Treasury Corporation Victoria (TCV) is initially measured at fair value, being the cost of the borrowings, net of transaction costs.

b) Interest Rate Risk

VITS LanguageLink exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in the following table:

2011	Weighted average effective interest rate %	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years	Non Interest Bearing	Total
Contractual Financial Assets							
Cash and cash equivalents	4.17	648,336	-	-	-	150	648,486
Trade and other receivables			-	-	-	1,276,081	1,276,081
Total contractual financial assets		648,336				1,276,231	1,924,567
Financial Liabilities							
Trade and other payables		-	-	-	-	247,730	247,730
Loan from TCV	4.92	-	-	-	-	90,000	90,000
Total financial liabilities		-	-	-	-	337,730	337,730
Net financial assets (liabilities)		648,336	-	-	-	938,501	1,586,837
2010							
2010	Weighted average effective interest rate %	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years	Non Interest Bearing	Total
Contractual Financial Assets							
Cash and cash equivalents	3.52	367,533	-	-	-	150	367,683
Trade and other receivables						1,342,083	1,342,083
Total contractual financial assets		367,533	-	-	-	1,342,233	1,709,766
Financial Liabilities							
Trade and other payables		-	-	-	-	330,878	330,878
Total financial liabilities		-	-	-	-	330,878	330,878
Net financial assets (liabilities)		367,533	-	-	-	1,011,355	1,378,888

NOTE:**16 FINANCIAL INSTRUMENTS (CONTINUED)****c) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to VITS. VITS has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk arising from trade receivables is managed on an individual customer basis through a stringent credit assessment process. Further assessments with mercantile agencies are instigated when monthly reviews of ageing analysis of receivables require additional intervention. Customers exceeding their capacity and credit limits are placed on a cash on delivery basis.

VITS does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents VITS's maximum exposures to credit risk without taking into account the value of any collateral obtained.

d) Liquidity Risk

Liquidity risk is the risk that the company will be unable to meet its financial obligations as and when they fall due. The company manages its liquidity risk by:

- a) close monitoring of its short-term and long-term borrowings, including monthly reviews on current and future borrowing levels and requirements;
- b) careful maturity planning of our financial obligations based on forecasts of future cash flows; and
- c) maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet our short term obligations.

2011	Carrying Amount	Nominal Amount	Maturity dates		
			Less than 1 year	1-5 years	5+ Years
Payables					
Supplies and services	247,730	247,730	247,730		
Amount payable to ATO	171,304	171,304	171,304		
Borrowings					
Loan from TCV	90,000	90,000		90,000	
Total	509,033	509,033	419,033	90,000	-
2010					
Payables					
Supplies and services	330,878	330,878	330,878		
Amount payable to ATO	148,129	148,129	148,129		
Total	479,007	479,007	479,007	-	-

e) Net Fair Value

Management consider that the carrying amount of financial assets and the financial liabilities recorded in the financial statements approximates their fair values.

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Transaction costs are included in the determination of net fair value.

VITS LanguageLink NOTES TO THE FINANCIAL STATEMENT (continued)

NOTE:

16 FINANCIAL INSTRUMENTS (CONTINUED)

	Note	2011		2010	
		Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial assets					
Cash and cash equivalents		648,486	648,486	367,683	367,683
Trade and other receivables	5	1,276,081	1,276,081	1,342,083	1,342,083
Total financial assets		1,924,567	1,924,567	1,709,766	1,709,766
Financial liabilities					
Trade and other payables	7	247,730	247,730	330,878	330,878
Loan from TCV		90,000	90,000		
Total financial liabilities		337,730	337,730	330,878	330,878

f) Sensitivity analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, we believe the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of -1% and +1% in market interest rates (AUD) from year-end rates of 4.17%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the company at year-end, if the above movements were to occur.

		INTEREST RATE RISK			
		-1 %		+1%	
		-100 basis points Profit	Equity	+100 basis points Profit	Equity
2011					
Financial assets:					
Cash and cash equivalents	648,486	(6,485)	(6,485)	6,485	6,485
Trade and other receivables	1,276,081	-	-	-	-
Financial liabilities:					
Trade and other payables	247,730	-	-	-	-
Loan from TCV	90,000	(900)	(900)	900	900

STATEMENT BY DIRECTORS AND MANAGEMENT

VITS LanguageLink

STATEMENT BY DIRECTORS AND MANAGEMENT

In the opinion of the Directors and Management:

- a) the accompanying comprehensive operating statement, balance sheet, statement of changes in equity, cashflow statement and notes to the financial statements of VITS LanguageLink present fairly the financial transactions during the year ended 30th June 2011 and the financial position at that date.
- b) the accompanying financial statements have been prepared in accordance with the directions of the Minister of Finance under *Financial Management Act 1994*, applicable Australian Accounting Standards and other mandatory reporting requirements.
- c) at the date of signing, there are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Signed:



George Bisas
CEO
VITS LanguageLink

Dated: 18 August 2011

Signed:



Grahame Leonard
Member of the Board of Directors
Chair of the Audit Committee
VITS LanguageLink

Dated: 18 August 2011

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, VITS LanguageLink

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of VITS LanguageLink which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by directors and management has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of VITS LanguageLink are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of VITS LanguageLink as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of VITS LanguageLink for the year ended 30 June 2011 included both in VITS LanguageLink's annual report and on the website. The Board of VITS LanguageLink are responsible for the integrity of the VITS LanguageLink website. I have not been engaged to report on the integrity of the VITS LanguageLink website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
19 August 2011


for D D R Pearson
Auditor-General

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VITS **LanguageLink**

A Victorian Government Business Enterprise

