WESTERN COMMUNITY LEGAL CENTRE LIMITED

ABN 72 604 181 071

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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The Directors present their report on the Company for the financial year ended 30 June 2019.

Directors

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

Vernon Fettke	Chairperson/ Director	
Sarah Jane Strapps	Secretary/ Public Officer/ Director	
Meredith Blackstock	Director	
Peter Renwick	Director	(Resigned 21 November 2018)
Rhys Benny	Director	
Meseret Abebe	Director	
Patricia Crossin	Director	
Stuart Brown	Director	

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

Company Secretary

Sarah Strapps held the position of the Company Secretary at the end of the financial year.

Principal Activities

The principal activity of the company during the financial year was to provide free legal assistance and financial counselling for the benefit of people who live, work or study in the City of Maribyrnong, Wyndham or Hobsons Bay.

The Centre assists individuals by:
• Providing free legal advice
• Providing financial counselling services for people experiencing financial difficulties
• Referring people to a solicitor or other organisation best placed to assist with the problem
• Providing an interpreter for interviews

There were no significant changes in the principal activities of the Company during the year.

Short Term and Long Term Objectives

The company's short term and long term objectives are:

1. Deliver high quality legal information, advice and casework, and legal education services to our community, particularly to vulnerable people

a. Maintain current services by prioritising key client groups and legal needs
b. Target and expand services for identified client groups and legal needs
c. Review and restructure night services
d. Deliver an effective outreach program
e. Making strategic use of technology to provide innovative solutions for education, advice, information and referral

2. Be a bold advocate for legal and related policy reform

a. Maintain systemic and public interest casework as a core function
b. Draw upon casework and consultation with stakeholders to identify issues for law and policy change
c. Provide submissions to relevant law and policy reviews
d. Publish reports on emerging and public interest issues
e. Develop and implement campaigning strategy
f. Strengthen and expand key stakeholder relationships across the broad range of community, government and commercial sectors

3. Consolidate offices and programs in the most effective locations

a. Integrate telephone intake with relevant service providers across the west
b. Coordinate clinics and services with relevant service providers across the west
c. Provide accessible services in appropriate locations

4. Strengthen organisational structure and capacity

a. Implement staffing structure that supports 5-10-year direction of the Organisation
b. Establish and Implement required policies to enable appropriate governance and management of the organisation

5. Strengthen workplace environment and culture

a. Strengthen workplace flexibility
b. Strengthen positive workplace culture
c. Support staff development and career path opportunities

6. Maintain financial stability at a level sufficient to support delivery of these priorities

a. Maintain appropriate recurrent/non-recurrent split on our flexible financial base (requires Board deliberation/decision)
b. Continue to expand the recurrent funding base Retain existing lawyers on non-recurrent funding and Retain existing non-recurrent positions
c. Develop and maintain relationships with current and potential funders
d. Develop strategies to build prudent reserve levels (Requires Board discussion/direction)

Strategy for achieving short and long-term objectives

To achieve these objectives, the Company has adopted the following strategies:

Client and Services

• Maintain priority client groups
• Identify new priority groups
• Refine outreach and night services
• Review use of technology

Law and Policy Reform

• Embed public interest culture
• Strengthen and expand stakeholder relationships
• Embed public interest response model
• Implement policy action plan
• Pursue recommendations in submissions and public interest reports

Our People

• Embed organisational structure
• Create professional development training program
• Review flexible workplace processes

Operational Processes

• Begin work on improved locations and coordination for maximum efficiency and collaboration
• Review and expand financial reserves
• Review financial base
• Finalise full suite of policies
• Review social media strategies

Meetings of Directors

During the financial year and to the date of this report, 7 meetings of Directors were held.

Attendances by each director during the year were as follows:

	Meetings	
	Number eligible to attend	Number attended
Vernon Fettke	7	4
Sarah Strapps	7	5
Meredith Blackstock	7	3
Peter Renwick	3	1
Rhys Benny	5	5
Meseret Abebe	5	5
Patricia Crossin	6	5
Stuart Brown	6	5

After balance day events

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

Contribution in Winding Up

Western Community Legal Centre Limited is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 towards meeting any outstanding obligations of the Company. The members of the company are past and present directors.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and is included in this report on Page 5.

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

Director ________________ ________________ Dated: 24th **October 2019**

TOWARDS A VISION SHARED

Collins & Co
CERTIFIED PRACTISING ACCOUNTANTS
ABN 15 893 818 045

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF
WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

(i) no contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* and 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.

CA

Name of Auditor: Frederik R.L. Eksteen

Date: 25/10/2019

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Government grant funding income		2,480,237	2,230,828
Other grant funding income		901,604	877,710
Philanthropic funded project income		320,175	346,379
Other income		59,166	93,244
Administration expenses		(114,667)	(124,817)
Depreciation expenses		(36,144)	(38,017)
Employment expenses		(23,482)	(24,402)
Occupancy expenses		(275,732)	(249,296)
Organisational expenses		(118,063)	(111,722)
Staff salaries and wages expenses		(3,193,907)	(2,983,219)
Net surplus/(deficit) before income tax		**(813)**	**16,688**
Income tax expense	**1 (l)**	-	-
Net surplus/(deficit) attributable to the Company		**(813)**	**16,688**

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
Surplus/(deficit) for the year	**(813)**	**16,688**
Other comprehensive income after income tax	-	-
Total comprehensive income for the year	(813)	16,688
Total comprehensive income attributable to the Company	**(813)**	**16,688**

The income statement and statement of comprehensive income are to be read in conjunction with the audit report and the notes to the financial statements.

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	1,347,801	967,028
Trade and other receivables	3	197,150	20,761
Other current assets	4	50,201	64,130
TOTAL CURRENT ASSETS		**1,595,152**	**1,051,919**
NON CURRENT ASSETS			
Property, plant and equipment	5	241,769	268,869
TOTAL NON-CURRENT ASSETS		**241,769**	**268,869**
TOTAL ASSETS		**1,836,921**	**1,320,788**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other liabilities	6	1,111,682	612,348
Provisions	7	427,232	409,620
TOTAL CURRENT LIABILITIES		**1,538,914**	**1,021,968**
NON-CURRENT LIABILITIES			
Provisions	7	-	-
TOTAL NON-CURRENT LIABILITIES		**-**	**-**
TOTAL LIABILITIES		**1,538,914**	**1,021,968**
NET ASSETS		**298,007**	**298,820**
EQUITY			
Accumulated funds		298,007	298,820
TOTAL EQUITY		**298,007**	**298,820**

The statement of financial position is to be read in conjunction with the audit report and the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated funds $	Total $
Balance as at 1 July 2017	282,132	282,132
Surplus/(deficit) attributable to the Company	16,688	16,688
Balance as at 30 June 2018	**298,820**	**298,820**
Surplus/(deficit) attributable to the Company	(813)	(813)
Balance as at 30 June 2019	**298,007**	**298,007**

The statement of changes in equity is to be read in conjunction with the audit report and the notes to the financial statements.

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grant funding and other income		4,107,554	3,530,734
Payments to suppliers and employees		(3,735,777)	(3,519,539)
Interest received		18,040	19,085
Net cash generated from/(used in) operating activities	**9**	**389,817**	**30,280**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(9,044)	(15,201)
Proceeds from disposal of property, plant and equipment		-	-
Net cash (used in)/provided by investing activities		**(9,044)**	**(15,201)**
Net increase/(decrease) in cash held		**380,773**	**15,079**
Cash and cash equivalents at beginning of financial year		**967,028**	**951,949**
Cash and cash equivalents at end of financial year	**2**	**1,347,801**	**967,028**

The statement of cash flows is to be read in conjunction with the audit report and the notes to the financial statements.

Note 1. Statement of Significant Accounting Policies

The financial statements and notes represent those of Western Community Legal Centre Limited, the Company.

Basis of preparation

The Company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the *Australian Charities and Not for Profits Commission Act* 2012 and the *Corporations Act* 2001. The Company is a not-for-profit Company for financial reporting purposes under Australian Accounting Standards.

The financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on October 2019.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Property, Plant and Equipment

Freehold land and buildings, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Increases in the carrying amount arising on the revaluation of land and buildings are credited to a revaluation reserve in 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.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation.

Note 1. Statement of Significant Accounting Policies *(continued)*

a. Property, Plant and Equipment *(continued)*

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

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

Class of Fixed Asset	Depreciation Rate
Buildings and building improvements	20% - 50%
Equipment	20% - 35%
Motor vehicles	20%

b. Impairment of Assets

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

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

c. Leases

All leases are classified as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

d. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Note 1. Statement of Significant Accounting Policies *(continued)*

d. Financial Instruments *(continued)*

Classification and Subsequent Measurement

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

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

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

Financial assets at fair value through the profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are Included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Note 1. Statement of Significant Accounting Policies *(continued)*

d. Financial Instruments *(continued)*

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

Fair value

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

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

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

e. Employee Benefits

Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Company expects to pay at the end of each reporting period.

Long term benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

Superannuation

Superannuation contributions are made by the Company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The Company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

f. Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Note 1. Statement of Significant Accounting Policies *(continued)*

g. Cash and Cash Equivalents

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

h. Revenue

Revenue comprises revenue from the rent related activities, government grants, fundraising activities and client contributions.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities have been met. Details of the activity-specific recognition criteria are described below.

Grant Revenue

A number of the Company's programs are supported by grants received from the federal, state and local governments.

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Company receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Client Contributions

Fees charged for services provided to clients are recognised when the service is provided.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest Revenue

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

Note 1. Statement of Significant Accounting Policies *(continued)*

i. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. Borrowing Costs

Borrowing costs are expensed in the period in which the costs are incurred.

k. 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 Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows excluded from the receipts from customers or the payments to suppliers.

l. Taxes

Income Tax

By virtue of its aims as set out in the constitution, the Company qualifies as an organisation specifically exempt from income tax under the *Income Tax Assessment Act 1997.*

Land Tax

The Company is exempt from land tax because the property is used exclusively for a charitable purpose.

Payroll Tax

The Company is exempt from payroll tax because it is classified as a Public Benevolent Institution, as well as being a not-for-profit with a dominant charitable purpose.

Stamp Duty

The Company is exempt from stamp duty because the Company's purpose and activities are exclusively charitable.

m. Comparative Figures

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

When a Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

Note 1. Statement of Significant Accounting Policies *(continued)*

n. Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets.

Where an impairment trigger exists, the recoverable amount of the asset is determined.

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

o. New and Revised Standards that are effective for these financial statements

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Association. The Board of Committee Members has elected not to early adopt any of the new and amended pronouncements.

i) AASB 15: Revenue from Contracts with Customers

AASB 15 is applicable to annual reporting periods of not-for-profit entities beginning on or after 1 January 2019, as deferred by AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-For-Profit Entities.

When effective, AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Based on a preliminary assessment performed over each service and customer contract, the effects of AASB 15 are not expected to have a material effect on the Association.

Note 1. Statement of Significant Accounting Policies *(continued)*

ii) AASB 1058: Income of Not-For-Profit Entities

AASB 1058 is applicable to annual reporting periods beginning on or after 1 January 2019.

When effective, AASB 1058 requires that where a Not-for-Profit entity acquires an asset for a payment that is significantly less than its fair value (for example grants, bequests, donations, or other similar voluntary contributions), the timing of income recognition will depend on whether the transaction gives rise to a performance obligation. Where a performance obligation exists, the amount is recognised as revenue in accordance with the principles of AASB 15, which would mean recognising the proportion relating to the performance obligations as income only when they are satisfied. Where a performance obligation does not exist, the amount is immediately recognised as income.

Based on a preliminary assessment performed by the Association, the effects of AASB 1058 are not expected to have a material effect on the Association.

iii) AASB 16: Leases

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

When effective, AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

Based on a preliminary assessment performed over each line of business and product type, the effect of AASB 16 is expected to be:

(a) An increase in Lease Liabilities, with a commensurate increase in Right-to-Use Assets. These changes are not expected to materially impact Net Assets.

(b) An increase in Amortisation Expense (of the Right-to-Use Asset) and an increase in Interest Expense (on the Lease Liability), with a commensurate decrease in Lease Expense and/or increase in revenue recognition where lease arrangements are below market value. These changes are not expected to materially impact Total Comprehensive Income.

		2019 $	2018 $
Note 2.	**Cash and Cash Equivalents**		
	Cash at bank - General Cheque Account	419,190	647,911
	Cash at bank - Call Account	200,238	-
	Cash at bank - Term Deposit	726,326	318,211
	Cash at bank - Debit Card Account	1,367	249
	Cash on hand	680	657
		1,347,801	967,028
	Reconciliation of cash		
	Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
	Cash and cash equivalents	1,347,801	967,028
		1,347,801	967,028
Note 3.	**Trade and Other Receivables**		
	Trade debtors	185,900	10,225
	Accrued income	450	750
	Bonds and security deposits	10,800	9,786
		197,150	20,761
Note 4.	**Other Current Assets**		
	Prepayments	50,201	64,130
		50,201	64,130
Note 5.	**Property, Plant and Equipment**		
	Equipment and furniture - VLA assets		
	At cost	228,518	228,518
	Accumulated depreciation	(81,534)	(61,046)
		146,984	167,472
	Equipment and Furniture - Non-VLA assets		
	At cost	83,322	76,528
	Accumulated depreciation	(36,078)	(24,913)
		47,244	51,615
	Fitout - Werribee premises		
	At cost	64,890	62,640
	Accumulated amortisation	(17,349)	(12,858)
		47,541	49,782
	Total property, plant and equipment	**241,769**	**268,869**

Note 5. Property, Plant and Equipment *(continued)*

Reconciliation of movement in carrying values

	Equipment and furniture VLA assets	Equipment and furniture Non-VLA assets	Fitout Werribee premises	Total property, plant and equipment
Written down value at 1 July 2017	**186,856**	**50,605**	**54,223**	**291,684**
Additions	3,613	11,588	-	15,201
Disposals	-	-	-	-
Depreciation expense	(22,997)	(10,578)	(4,441)	(38,016)
Written down value at 30 June 2018	**167,472**	**51,615**	**49,782**	**268,869**

	Equipment and furniture VLA assets	Equipment and furniture Non-VLA assets	Fitout Werribee premises	Total property, plant and equipment
Written down value at 1 July 2018	**167,472**	**51,615**	**49,782**	**268,869**
Additions	-	6,794	2,250	9,044
Disposals	-	-	-	-
Depreciation expense	(20,488)	(11,165)	(4,491)	(36,144)
Written down value at 30 June 2019	**146,984**	**47,244**	**47,541**	**241,769**

Note 6. Accounts Payable and Other Liabilities

	2019 $	2018 $
Current - unsecured		
Accounts payable	46,394	7,696
Accrued expenses	58,853	83,080
Grants in advance	893,332	352,531
GST liability/(asset)	70,814	42,008
PAYG Withholding payable	42,289	105,971
Superannuation payable	-	21,062
	1,111,682	612,348

Financial liabilities at amortised cost classified as trade and other payables

	2019 $	2018 $
Trade and other payables		
- Total current	1,111,682	612,348
- Total non-current	-	-
	1,111,682	612,348

Note 7. Provisions

	2019 $	2018 $
Current		
Provision for annual leave	220,604	217,247
Provision for long service leave	206,628	192,373
	427,232	409,620
Non-current		
Provision for long service leave	-	-
	-	-

Note 8. Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2019 $	2018 $
Payable - Minimum Lease Payments		
- no later than 12 months	168,079	162,424
- between 12 months and 5 years	101,597	269,462
- greater than 5 years	-	-
	269,676	**431,887**

The property lease commitments are non-cancellable operating leases with lease terms of between one and three years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

Note 9. Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2019 $	2018 $
Operating surplus/(deficit)	(813)	16,688
Non-cash flows in profit		
Depreciation of non-current assets	36,144	38,017
Changes in assets and liabilities		
(Increase)/decrease in trade debtors and other debtors	(176,389)	(10,975)
(Increase)/decrease in prepayments	13,929	(30,427)
Increase/(decrease) in accounts payables and accruals	(41,467)	(12,246)
Increase/(decrease) in grants in advance	540,801	12,633
Increase/(decrease) in employee entitlements	17,612	16,590
Cash flow from operations	389,817	30,280

Note 10. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from related parties and bank loans.

The Company does not have any derivative instruments at 30 June 2019.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial Assets			
Cash and cash equivalents	**2**	1,347,801	967,028
Trade and other receivables	**3**	197,150	20,761
Other current assets	**4**	50,201	64,130
		1,595,152	1,051,919
Financial Liabilities			
Trade and other payables	**7**	1,111,682	612,348
		1,111,682	612,348

(i) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

(ii) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.

(iii) Interest Rate Risk

The Company's management analyses the interest rate exposure in the context of the most recent economic conditions and forecasts.

Note 11. Related Party Transactions

The Directors act in an honorary capacity and are not paid for their services as Directors.

There were no transactions with related parties during the 2019 year.

Note 12. Company Details

The registered office of the company is:

Level 1
8 Watton Street
WERRIBEE VIC 3030

The principal place of business of the company is:

Level 1
8 Watton Street
WERRIBEE VIC 3030

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071
DIRECTORS' DECLARATION

The responsible persons declare that in the responsible persons' opinion:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act* 2012.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013.*

Director ______________________

Director ______________________

Dated this 24th **day of October 2019**

TOWARDS A VISION SHARED

Collins&Co
CERTIFIED PRACTISING ACCOUNTANTS
ABN 15 893 818 045

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Footscray VIC 3011
Australia

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WESTERN COMMUNITY LEGAL CENTRE LIMITED
ABN 72 604 181 071
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of Western Community Legal Centre Limited (the company), which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of Western Community Legal Centre Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act* 2012, including:

i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance and cash flows for the year ended on 30 June 2019; and

ii. complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act* 2012.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report section* of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act* 2012, which has been given to the directors of the Company would be on the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

Conclude on the appropriateness of the responsible entities use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

CA

Name of Auditor: Frederik R.L. Eksteen

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

Date: 25/10/2019