

**FEDERATION OF COMMUNITY LEGAL CENTRES
(VIC) INC.**

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2006**

Prepared by:

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FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

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FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
INCOME		
State Grant (recurrent)	247,783	242,546
Victoria Legal Aid – Website Phase 3	4,034	21,016
CLC – Lexis Nexis Project	37,578	-
OP – Family Violence Project (Dept of Justice)	22,000	25,000
OP – Sector Development (Victoria Law Foundation)	29,500	-
OP – Sexual Offences (Reichstein Foundation)	22,000	-
OP – Women’s Justice ((Reichstein Foundation & Victorian Women’s Trust)	30,000	-
Victoria Law Foundation – History Project	-	2,000
Victoria Law Foundation – Website Phase 2	-	20,116
CLC Levies	15,368	15,360
Interest	7,481	4,208
State Conference - Sponsorship	11,500	-
State Conference - Registrations	18,164	8,933
Miscellaneous Income	9,766	84
Project Management/Overheads	-	213
Rent Income	-	2,392
Sale of Directories	-	55
Working Group	-	275
	455,174	342,198
EXPENDITURE		
Salaries	229,997	192,102
Superannuation	23,211	15,540
Workcover	4,585	5,622
Provision – Annual Leave	10,075	(6,734)
Provision – Long Service Leave	313	545
Provision – Parental Leave	13,960	6,138
Oncosts – Other	4,414	-
Rent	10,345	10,350
Other Premises Costs	3,692	3,533
Staff Training	1,704	3,873
Staff Recruitment	993	1,247
Communications	7,173	6,822
Office Overheads	9,322	8,186
Insurance	3,269	3,117
Finance, Audit & Accounting Fees	2,840	1,603
Library, Resources & Subscriptions	3,302	2,804
Travel	2,284	3,092
Programming and Planning	2,060	4,417

The accompanying notes form part of this financial report.

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

INCOME AND EXPENDITURE STATEMENT (Cont'd) FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
Minor Equipment	-	401
Other Expenses	866	-
Depreciation	7,934	9,671
CLC Levies	-	7,630
Conferences & Other Miscellaneous	-	4,750
Cross Checks	-	2,950
Directors Expenses	-	(344)
State Budget Submission	939	1,350
State Conference/CLC Training	-	5,871
Transfer To (From) Provisions	(10,800)	-
Transfer To (From) Project Balances	3,423	-
Victoria Law Foundation – History Project	-	2,000
Victoria Law Foundation – Website Phase 2	-	20,116
Victoria Legal Aid – Website Phase 3	-	18,976
Project Expenses	44,256	-
Project Expenses – Membership	47,604	-
Other Projects	260	-
Working Group Expense	-	199
	<u>428,021</u>	<u>235,827</u>
Profit from ordinary activities before Income Tax	27,153	6,371
Income Tax Expense	<u>-</u>	<u>-</u>
Operating Profit after Income Tax	27,153	6,371
Retained profits at the beginning of the Financial Year	<u>46,250</u>	<u>39,879</u>
Retained profits at the end of the Financial Year	<u>73,403</u>	<u>46,250</u>

The accompanying notes form part of this financial report.

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash	3	153,272	116,462
Receivables	4	17,253	13,534
TOTAL CURRENT ASSETS		<u>170,525</u>	<u>129,996</u>
NON CURRENT ASSETS			
Fixed Assets	5	41,626	42,822
TOTAL NON CURRENT ASSETS		<u>41,626</u>	<u>42,822</u>
TOTAL ASSETS		<u>212,151</u>	<u>172,818</u>
CURRENT LIABILITIES			
Creditors and Accruals	6	13,161	15,941
Amounts Received in Advance	7	53,504	43,930
Provisions	8	33,323	23,875
TOTAL CURRENT LIABILITIES		<u>99,988</u>	<u>83,746</u>
TOTAL LIABILITIES		<u>99,988</u>	<u>83,746</u>
NET ASSETS		<u>112,163</u>	<u>89,072</u>
MEMBERS' FUNDS			
Retained Profits		73,403	46,250
Capital Replacement Reserve	9	38,760	42,822
		<u>112,163</u>	<u>89,072</u>

The accompanying notes form part of this financial report.

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Cash Flows From Operating Activities			
Receipts from Gov't Grants – recurrent		248,238	242,546
Receipts from Gov't Grants – non-recurrent		154,686	68,132
Receipts from Other Sources		57,222	27,313
Interest received		7,481	4,207
Payments to Suppliers and Employees		<u>(420,017)</u>	<u>(335,827)</u>
Net cash provided by (used in) operating activities	10	<u>47,610</u>	<u>6,371</u>
Cash Flows From Investing Activities			
Purchase of Property, plant and equipment		<u>(6,738)</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(6,738)</u>	<u>-</u>
Cash Flows From Financing Activities			
Proceeds from Capital Replacement Reserve		<u>(4,062)</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>(4,062)</u>	<u>-</u>
Net increase in cash held		36,810	1,394
Cash at the beginning of the financial year		<u>116,462</u>	<u>115,068</u>
Cash at the end of the Financial Year		<u>153,272</u>	<u>116,462</u>

The accompanying notes form part of this financial report.

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial requirements of the Associations Incorporations Act (Vic). The Committee has determined that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporations Act (Vic) and the following Australian Accounting Standards:

AASB 112 Income Taxes
AASB 1031 Materiality
AASB 110 Events after the Balance Sheet Date

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

a. Income Tax

The association adopts the liability method of tax-effect accounting whereby the income tax expense shown in the income and expenditure statement is based on the operating profit before income tax adjusted for any permanent differences.

Non-Member income of the association is only assembled for tax, as Member income is excluded under the principle of mutuality.

b. Fixed Assets

Office Equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c. Employee Entitlements

Provisions made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their normal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
NOTE 2: INCOME TAX EXPENSE		
Prima facie tax payable on operating surplus before income tax at 30% (2005: 30%)	8,146	1,911
Less tax effect of:		
- Non-taxable member income arising from principle of mutuality	(8,146)	(1,911)
Income Tax Expense	<u>-</u>	<u>-</u>
NOTE 3: CASH		
Cash on Hand	300	300
Cash at Bank	152,972	116,162
	<u>153,272</u>	<u>116,462</u>
NOTE 4: RECEIVABLES		
Accounts Receivable	-	2,424
Prepayments	17,253	11,110
	<u>17,253</u>	<u>13,534</u>
NOTE 5: FIXED ASSETS		
Plant and Equipment	89,337	82,599
Less: Accumulated Depreciation	47,711	39,777
	<u>41,626</u>	<u>42,822</u>
NOTE 6: CREDITORS & ACCRUALS		
Creditors and Accruals	13,161	12,317
Payroll liabilities	-	3,624
	<u>13,161</u>	<u>15,941</u>
NOTE 7: AMOUNTS RECEIVED IN ADVANCE		
Members CLC Levies – State Rep	-	4,510
Victoria Legal Aid – Website Phase 3	9,204	13,135
Victoria Legal Aid Project Balance	-	4,695
CLC Program - EAP	2,292	-
OP Beyond Law and Order	15,000	-
OP Family Violence Policy	8,390	21,590
OP Sector Development	14,386	-
OP Sexual Offences	2,000	-
Op Women’s Justice	232	-
Membership – CLE Speaking Tour	2,000	-
	<u>53,504</u>	<u>43,930</u>

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 8: PROVISIONS		
Current		
Provision for Annual Leave	21,448	14,818
Provision for Long Service Leave	3,865	2,919
Provision for Parental Leave	8,010	6,138
	<u>33,323</u>	<u>23,875</u>
NOTE 9: CAPITAL REPLACEMENT RESERVE		
Opening Balance	42,822	41,473
Transfer To/(From) Reserve	(4,062)	1,349
Closing Balance	<u>38,760</u>	<u>42,822</u>
NOTE 10: CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with Profit form ordinary activities Income Tax		
Profit after income tax	27,153	1,675
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in operating profit:		
- Depreciation	7,934	9,671
Changes in assets and liabilities, net of the effect of purchase and disposals		
- Decrease/(increase) in receivables	(3,719)	11,469
- Increase/(decrease) in creditors & accruals	(2,800)	(16,046)
- Increase/(decrease) in amounts received in advance	9,574	
- Increase/(decrease) in provisions	9,468	(398)
	<u>47,610</u>	<u>6,371</u>

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

INDEPENDENT AUDIT REPORT

Scope

We have audited the financial report, being a special purpose financial report, of Federation of Community Legal Centres Inc. for the year ended 30 June 2006 set out on pages 1 to 9. The Committee is responsible for the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements which form part of this financial report are appropriate to meet requirements of the Associations Incorporations Act Vic 1981 and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of Federation of Community Legal Centres Inc. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements of the Associations Incorporation Act Vic. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies used and described in Note 1 so as to present a view which is consistent with our understanding of the Association's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

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

Audit Opinion

In our opinion, the financial report of Federation of Community Legal Centres Inc. presents a true and fair view of the financial position of Federation of Community Legal Centres Inc. as at 30 June 2006 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Sean Denham

Dated:
Sean Denham & Associates, CPA's
Suite 12, 13-25 Church Street, Hawthorn VIC 3122

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Rachna Muddagouni, and I Mark O'Brien certify that:

This annual statement will be submitted to the members of the Association at its annual general meeting.

Dated this day of 2006.

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Chairperson – Rachna Muddagouni

.....
Treasurer – Mark O'Brien