

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE, 2005

THE FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INCORPORATED

INDEPENDENT AUDIT REPORT

To the Members of The Federation of Community Legal Centres (Vic) Inc.

Scope

I have audited the attached financial statements, being a special purpose financial report of The Federation of Community Legal Centres (Vic) Inc. for the year ended 30th June, 2005. The Committee of Management is responsible for the financial statements and has determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Associations Incorporation Act 1981 and the needs of the members. I have conducted an independent audit of the financial statements in order to express an opinion on them to the members of The Federation of Community Legal Centres (Vic) Inc. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial statements have been prepared for distribution to the members for the purpose of meeting the requirements of the constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the members, for any purpose other than for which it was prepared.

My audit has been conducted in accordance with Australian Auditing Standards. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements 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 statements are presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. (These policies do not require the application of all Accounting Standards and UIG Consensus Views).

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

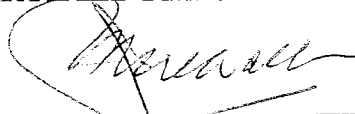
Audit Opinion

In my opinion the financial statements give a true and fair view, in accordance with the accounting policies described in the Notes to the financial statements and the requirements of the Associations Incorporation Act 1981, of the financial position of The Federation of Community Legal Centres (Vic) Inc. as at 30th June, 2005 and the results from operations for the year then ended.

Dated this 16th day of September, 2005

19-21 Argyle Place South
Carlton 3053

POBJOY MULHALL & ASSOCIATES
CERTIFIED PRACTISING ACCOUNTANTS



JOHN MULHALL
Registered Company Auditor

CPA

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.
TOTAL FUNDS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2005

	2004/2005	2003/2004
TOTAL INCOME		
State grant (recurrent)	242,546	236,630
Victoria Legal Aid - Employee Assistance Prog		7,000
Victoria Legal Aid - Website Phase 3	21,016	
Other Grants		
Dept of Justice - Family Violence Project	25,000	
Reichstein Foundation ChanceXChange		10,800
Victoria Law Foundation - History Project	2,000	
Victoria Law Foundation - Website Phase 2	20,116	
Total Service Generated Income		
CLC Levies	15,360	14,715
Interest	4,208	4,989
Miscellaneous	84	40,925
Project Management/Adm/Overheads	213	500
Rent Income	2,392	
Sale of Directories	55	273
State Conference	8,933	17,590
Working Group	275	
TOTAL INCOME	<u>342,198</u>	<u>333,422</u>
TOTAL EXPENDITURE		
Salaries	192,102	201,180
Superannuation	15,540	16,058
On Costs		
Workcover	5,622	4,792
Increment to Annual Leave Provision	(6,734)	3,242
Increment to Long Service Leave Provision	545	2,373
Increment to Parental Leave	6,138	
Rent	10,350	13,905
Repairs & Maintenance		
Other Premises Costs	3,533	24,977
Staff Training	3,873	(25)
Staff Recruitment	1,247	
Communications	6,822	7,507
Office Overheads	8,186	7,967
Insurance	3,117	2,161
Finance, Audit & Accounting Fees	1,603	2,897
Library, Resources & Subscriptions	2,804	2,375
Travel	3,092	814
Programming and Planning	4,417	3,005
Client Disbursements		
Leases		
Minor Equipment	401	300
Depreciation	9,671	21,693
Other Expenses		
Bad Debts		
CLC Levies	7,630	16,165
Conferences & Other miscellaneous	4,750	5,075
Cross Checks	2,950	
Dept. of Justice - Family Violence Project		
Directories Expense	(344)	4,339
Reichstein Foundation ChanceXChange		10,800
State Budget Submission	1,350	
State Conference/CLC Training	5,871	19,110
VCOSS Human Rights Project		
Victoria Law Foundation - History Project	2,000	
Victoria Law Foundation - Website Phase 2	20,116	
Victoria Legal Aid - Employee Assistance Prog		4,345
Victoria Legal Aid - Website Phase 1		51,860
Victoria Legal Aid - Website Phase 3	18,976	
Working Group Expense	199	187
Offset VLA Deficit Expense		
Total Expenditure	<u>335,827</u>	<u>427,102</u>
TOTAL SURPLUS/DEFICIT	<u>6,371</u>	<u>(93,680)</u>

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2005

	2004/2005	2003/2004
CURRENT ASSETS		
Cash on Hand	300	300
Cash at bank		
Cash Management Account	107,181	103,898
Operating Account	(2,024)	(134)
Donations Account	5	5
Investment Account	11,000	11,000
Accrued Income		
Commonwealth (one off grant)		
Prepayments		
Accounts Receivable	11,110	773
Sundry Debtors	2,424	1,292
Rental Bond		
	<u>129,996</u>	<u>117,134</u>
NON CURRENT ASSETS		
Equipment & Furniture - at cost	82,599	103,676
Less accumulated depreciation	(39,777)	(62,203)
Motor Vehicle - at cost		
Less accumulated depreciation		
	<u>42,822</u>	<u>41,473</u>
TOTAL ASSETS	<u>172,818</u>	<u>158,607</u>
CURRENT LIABILITIES		
Creditors		
Creditors and accruals	12,317	28,363
Projects		
Members CLC Levies - State Rep	4,510	
Victoria Legal Aid - Website Phase 3	13,135	
Employee Entitlements		
Accrued wages	3,624	4,507
Super Payable		4,139
Annual Leave	14,818	20,281
Long Service Leave	2,919	2,374
Parental Leave	6,138	
Victoria Legal Aid Project Balance	4,695	8,774
Employee Assistance Program \$2655		
Website Project Phase 3 \$2040		
Department of Justice - FV Project balance	21,590	
TOTAL CURRENT LIABILITIES	<u>83,746</u>	<u>68,438</u>
TOTAL NON CURRENT LIABILITIES		
TOTAL LIABILITIES	<u>83,746</u>	<u>68,438</u>
NET ASSETS	89,072	90,169
Retained Surplus/(deficit) at Beginning of Year	44,575	50,245
Capital Replacement Reserve	42,822	41,473
Total Surplus/Deficit for the year	1,675	(1,549)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	<u>89,072</u>	<u>90,169</u>

Statement of Cash Flows
Year Ended 30 June 2004

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.
STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2005

	2004/2005	2003/2004
	\$	\$
Cash flows from Operating Activities		
Receipts from Government Grants - recurrent	242,546	236,630
Receipts from Government Grants - non-recurrent	68,132	
Receipts from Other Sources	27,313	91,803
Interest received	4,207	4,989
Payments to suppliers and employees	(335,827)	(427,102)
Net cash provided by/(used in) operating activities	6,371	(93,680)
Cash flows from Investment Activities		
Proceeds from sale of plant and equipment		
Payments for purchase of plant and equipment		
Net cash provided by/(used in) investment activities		
Cash flows from Financing Activities		
Proceeds from Borrowings		
Repayment of Borrowings		
Net cash provided by/(used in) financing activities		
Net Increase/(Decrease) in Cash Held	1,394	27,821
Cash at the Beginning of the Reporting Period	115,068	87,247
Cash at the End of the Reporting Period	116,462	115,068

Notes to the Statement of Cash Flows

Reconciliation of Cash

Cash on Hand	300	300
Cash at Bank	116,162	114,768
	116,462	115,068

Reconciliation of Net Cash Used in Operating Activities to Operating Result

Operating Result	1,675	(1,547)
Depreciation	9,671	21,693
Increase/(Decrease) in Provisions	(398)	(114,722)
(Increase)/Decrease in Current Receivables	11,469	(35,743)
Increase/(Decrease) in Creditors	(16,046)	36,639
Other		
Loss on Disposal of Assets		
Capital Grant in Kind (net)		
Write off previous year adjustment		
Net Cash provided by/(used in) Operating Activities	6,371	(93,680)

FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.
ABN: 30 036 539 902 Reg no. A0013713H

Note 1. Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Victoria). 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 Incorporation Act (Victoria) and the following Australian Accounting Standards:

AASB 1018 Statement of Financial Performance
AAS 4 Depreciation
AAS 5 Materiality
AAS 8 Events Occurring After Reporting Date
AAS 15 Revenue
AAS 17 Leases
AAS 28 Statement of Cash Flows
AAS 36 Statement of Financial Position
AASB 1041 Revaluation of Non-Current Assets

Australian Accounting Standard AAS6: Accounting Policies, has not been applied but certain provisions of this standard have been adopted.

No other applicable Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Boards have been applied.

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

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

(a) Income Tax

The Association is an Income Tax Exempt Charity in terms of Subdivision 50-5 of the Income Tax Assessment Act 1997.

(b) Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the fair value.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset Depreciation Rate

Computer equipment 37.5% - 40%

Office furniture equipment 10% - 30%

(c) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave, which will be settled after one year, have been measured at their nominal amount. Annual leave is recognised with expected future increases in remuneration. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. No provision for sick leave benefits has been recognised as amounts expected to be claimed are not anticipated to exceed benefits accruing in future periods. Sick leave and Parental Leave are non-vesting.

Contributions are made by the Association to employee accumulated superannuation funds and are charged as expenses when incurred. The particular funds have no unfunded liabilities.

(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand, at bank and on deposit.

(e) Revenue

Grants are recognised on an accrual basis. Any grants received and provided for special purposes are recognised to the extent funds are expended on projects. Grants received for future financial periods are treated as grants in advance under current liabilities to the extent of the unspent grant where there is an obligation to repay the unexpended portion of the grant.

Revenue from membership fees are recognised upon invoicing.

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(g) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included, where applicable.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Comparatives

Where required by accounting pronouncements, comparative figures have been represented or reclassified to conform with changes in presentation for the current financial year.

(i) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the collation of accounting data for future comparative purposes at the end of the 2005-2006 financial year.

The Management Committee is of the view that any resulting changes in accounting policies for first time adoption of Australian equivalents to IFRS will not have a significant impact on the reported financial position and financial performance of the Association.

Note 2: Commitments

Operating Lease Commitments

Being for rent of office at Suite 11, 1st Floor, 54 Victoria Street, Carlton South. 3053

Payable:

- not later than 1 year \$11,385 (including GST)
- later than 1 year but not later than 5 years \$6,641 (including GST)

The current property lease commenced 1 February 2005 is a lease for a three-year term with option to renew for a further three years. Rent is payable monthly in advance. The lease is cancellable upon one clear month prior to the expiration of the term.

Note 3: Financial Instruments

(a) Interest Rate Risk

The Association has no material exposure to interest rate risk on its financial instruments.

(b) 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.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association other than Victoria Legal Aid.

(c) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 4: Related Parties

No financial advantage for members was reported during the period. No income is paid or payable to members of the Management Committee by the association and any related entity, except for a short term replacement of the Executive Officer. The Chairperson was paid for 16 hours totalling \$488.80.

Note 5: Economic Dependency

The Association receives the majority of its revenue from Victoria Legal Aid . In 2004-2005 the total recurrent grant for the Federation of Community Legal Centres (Vic) Inc. was \$242,546.

Note 6: Principal Activities and Operations

The objectives of the Association are to provide for the relief of poverty, sickness, suffering, distress, misfortune, destitution or helplessness by the provision of legal and other services directly to the public and supporting and resourcing the work of community legal centres by one or more of the following means:

- 2.1
- (a) To be the peak contact and referral point for people seeking legal advice and assistance in Victoria from community legal centres, especially people who are subject to discrimination or disadvantage due to their economic circumstances, race, gender, disability, sexuality, age, religion, physical appearance, pregnancy, political belief, marital status, industrial activity or any other unspecified reason or otherwise unable to access conventional legal redress mechanisms or appropriate agencies;
 - (b) To conduct, and where possible involve the public in conducting policy, law reform, advice and community legal education work which seeks to produce a society which is just, fair and equitable in which people are fully aware of their legal rights and can exercise them, including a legal system which is accessible and operates in a way that recognizes the impact of disadvantage and contributes to just and humane outcomes;
 - (c) To give advice to the public concerning the operation of the current law and proposals for law reform and to promote and facilitate community awareness of the law and to encourage community participation in the legal process;
 - (d) To promote the development, funding and maintenance of community legal centres;
 - (e) To promote co-operation between Victorian community legal centres and their national counterparts;
 - (f) To promote and facilitate equal opportunity and social justice in the law;
 - (g) To resource and support work of community legal centres in Victoria and encourage high standards of legal service delivery to disadvantaged members of society; and
 - (h) To represent the views of member legal centres.

Note 7: Segment Reporting

The organisation operates predominantly in two sectors (Victoria Legal Aid (VLA) recurrent funds (including VLA project funds) and Members funds (including non VLA project funds) and one geographic location (Victoria, Australia).

Note 8: Association details

The principal place of business of the association is:

Federation of Community Legal Centres (Vic) Inc.
Suite 11, 1st Floor,
54 Victoria Street
CARLTON SOUTH 3053

Phone (03) 9654 2204

Fax (03) 9654 5204

E-mail fedclc@vicnet.net.au

STATEMENT BY FEDERATION OF COMMUNITY LEGAL CENTRES (VIC) INC.
ABN: 30 036 539 902 Reg no. A0013713H

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in the financial statements.

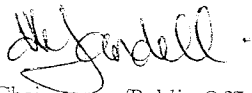
In the opinion of the Management Committee the financial report:

1. Presents fairly the financial position of Federation of Community Legal Centres (Vic) Inc. as at 30 June 2005 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Federation of Community Legal Centres (Vic) Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Management Committee and is signed for and on the behalf of the Management Committee by:



Treasurer
Mishelle Predika



Chairperson/Public Officer
Helen Yandell



Executive Officer
Pauline Spencer

Dated this 13th day of September 2005