

**SOUTH WEST SYDNEY LEGAL CENTRE  
INCORPORATED**

**A.B.N. 91 991 317 875**

**Annual Financial Report**

**For the Year Ended  
30 June 2020**

**South West Sydney Legal Centre Incorporated**  
**A.B.N. 91 991 317 875**

**Financial Report**  
**For the year ended 30 June 2020**

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**South West Sydney Legal Centre Incorporated**  
**A.B.N. 91 991 317 875**

**Management Committee’s Report**

The members of the Management Committee present their report together with the financial report of South West Sydney Legal Centre Incorporated (‘the Association’) for the financial year ended 30 June 2020 and the independent auditor’s report thereon.

**Management Committee**

The members of the Management Committee of the Association at any time during or since the end of the financial year are:

- Naushee Rahman (President and Chairperson)
- Rakesh Raj (Treasurer)
- Diana Chang (Secretary and Vice President)
- Caroline Alcorso
- Koya Roohi

Yvette Vignando is the Public Officer.

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

**Management Committee’s Meetings**

The number of Management Committee’s meetings and the number of meetings attended by each of the members of the Association during the financial year are:

<b>Current Management Committee</b>	<b>Management Committee Meetings</b>	
	<b>Meetings Eligible to Attend</b>	<b>Meetings Attended</b>
Naushee Rahman	6	6
Rakesh Raj	6	6
Diana Chang	6	6
Caroline Alcorso	6	5
Koya Roohi	6	4

**Principal Activities**

The principal activity of the Association during the financial year were provision of legal services and legal information and provision of domestic and family violence support and advocacy services.

There have been no significant changes in the nature of these activities during the year.

**Short-term Objectives**

The Association’s short-term objectives are to employ qualified staff to deliver legal services and domestic and family violence services and carefully manage funds allocated by funding bodies for delivery of its programs.

**Long-term Objectives**

The Association’s long-term objectives are to work with clients and staff to provide equal access to justice for marginalised members of our community and by working with clients and staff to break the cycle of domestic and family violence for women and children.

## **Management Committee's Report**

### **Strategies**

The Association is in the process of developing and adopting a new strategic plan; the plan will be adopted no later than the next Annual General Meeting. The strategic priorities in the current plan were consolidating our reputation, improving the internal alignment of our services, working with partners to ensure services met community needs, diversifying our sources of funding and investing in our staff and board with a focus on succession planning and sustainability.

### **Key Performance Measures**

The Association measures its own performance through the use of both qualitative and quantitative benchmarks. The benchmarks are used by the Management Committee to assess the financial sustainability of the Association and whether short-term and long-term objectives, in particular the outcomes required by our funders, are being achieved.

The surplus of the Association amounted to \$301,763 (2019: Surplus: \$226,079).

### **New Accounting Standards**

The Association has implemented three new Accounting Standards that are applicable for the current reporting period. *AASB 15: Revenue from Contracts with Customers*, *AASB 1058: Income of Not-For-Profit Entities* and *AASB 16: Leases* have been applied using the cumulative effect method, that is, by recognising the cumulative effect of initially applying *AASB 15*, *AASB 1058* and *AASB 16* as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under *AASB 118: Revenue*, *AASB 1004: Contributions* and *AASB 117: Leases*. Further information is provided in Note 1.

### **Events Subsequent to Reporting Date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Management Committee of the Association, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association, in future financial years.

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

In the opinion of the Management Committee there were no significant changes in the state of affairs of the Association that occurred during the year.

### **Likely Developments**

The Association will further develop the level of operations through the receipt of grants and the acquittal of those grants through various programs and projects.

No likely change in the Association's direction is projected.

### **Environmental Regulations**

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

### **Membership Liability**

The Association is Incorporated under the *Associations Incorporation Act 2009 (NSW)*. If the Association is wound up the constitution states that each member is required to contribute an amount that is limited to the amount, if any, unpaid by the members in respect of membership of the Association.

**South West Sydney Legal Centre Incorporated**  
**A.B.N. 91 991 317 875**

**Management Committee's Report**

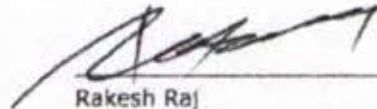
**Auditor's Independence Declaration**

The auditor's independence declaration is set out on page 4 and forms part of the Management Committee's report for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the members of the Management Committee



\_\_\_\_\_  
Naushee Rahman  
Chairperson



\_\_\_\_\_  
Rakesh Raj  
Treasurer

Dated this 17<sup>th</sup> day of September 2020  
Sydney, NSW





**South West Sydney Legal Centre Incorporated  
A.B.N. 91 991 317 875**

**Auditor's Independence Declaration**

**To the Members of the Management Committee  
South West Sydney Legal Centre Incorporated**

In accordance with the *Associations Incorporation Act 2009 (NSW)* and Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Management Committee of South West Sydney Legal Centre Incorporated.

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2020 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the *Associations Incorporation Act 2009 (NSW)* and *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**MOSAIC AUDIT & CONSULTING**

**Vanessa Patricio**  
Principal  
Registered Company Auditor # 333315

Dated this 17<sup>th</sup> day of September 2020  
Sydney, NSW

**South West Sydney Legal Centre Incorporated**

A.B.N. 91 991 317 875

**Statement of Profit or Loss and other Comprehensive Income  
For the Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
Revenue	2	<u>6,768,805</u>	<u>5,199,430</u>
Employee benefits expenses	14	(5,796,006)	(4,228,876)
Information technology		(111,203)	(103,559)
Occupancy expenses		(106,228)	(172,565)
Depreciation and amortisation	3	(72,934)	(2,955)
Brokerage		(61,676)	(69,397)
Printing, postage and stationery		(41,259)	(41,384)
Training and development		(37,049)	(61,141)
Consultancy fees		(28,725)	(72,050)
Accommodation and travel		(19,415)	(30,780)
Conferences and events		(13,731)	(14,554)
Audit, legal and accountancy fees		(13,949)	(6,427)
Insurance		(9,493)	(8,347)
Interest Paid		(4,845)	-
Other expenses		<u>(150,529)</u>	<u>(161,316)</u>
Surplus before income tax		301,763	226,079
Income tax expense	1(j)	<u>-</u>	<u>-</u>
Surplus/(deficit) after income tax		<u>301,763</u>	<u>226,079</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>301,763</u>	<u>226,079</u>

The accompanying notes form part of these financial statements

**South West Sydney Legal Centre Incorporated**

A.B.N. 91 991 317 875

**Statement of Financial Position****As at 30 June 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	3,333,219	2,792,350
Other Assets	6	<u>26,550</u>	<u>29,225</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,359,769</u>	<u>2,821,575</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	17,403	15,169
Right of Use Assets	8	<u>82,680</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>100,083</u>	<u>15,169</u>
<b>TOTAL ASSETS</b>		<u>3,459,852</u>	<u>2,836,744</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	692,642	432,872
Lease Liabilities	10	69,022	-
Provisions	11	1,022,495	743,600
Other liabilities	12	<u>381,764</u>	<u>737,100</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,165,923</u>	<u>1,913,572</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	10	18,160	-
Provisions	11	<u>135,635</u>	<u>81,697</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>153,795</u>	<u>81,697</u>
<b>TOTAL LIABILITIES</b>		<u>2,319,718</u>	<u>1,995,269</u>
<b>NET ASSETS</b>		<u>1,140,134</u>	<u>841,475</u>
<b>EQUITY</b>			
Retained surplus		<u>1,140,134</u>	<u>841,475</u>
<b>TOTAL EQUITY</b>		<u>1,140,134</u>	<u>841,475</u>

The accompanying notes form part of these financial statements



# South West Sydney Legal Centre Incorporated

A.B.N. 91 991 317 875

## Statement of Changes in Equity For the Year Ended 30 June 2020

	Retained Surplus \$	Total \$
<b>Balance at 1 July 2018</b>	615,396	615,396
Surplus for the year	226,079	226,079
<b>Balance at 30 June 2019</b>	<u>841,475</u>	<u>841,475</u>
<b>Balance at 1 July 2019</b>	841,475	841,475
Cumulative adjustment upon adoption of new accounting standard – AASB 16	(3,104)	(3,104)
Surplus for the year	301,763	301,763
<b>Balance at 30 June 2020</b>	<u>1,140,134</u>	<u>1,140,134</u>

**South West Sydney Legal Centre Incorporated**  
**A.B.N. 91 991 317 875**

**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt of grants		6,894,160	5,982,201
Other receipts		115,341	90,767
Payments to suppliers and employees		(6,434,371)	(5,559,940)
Finance costs		(4,845)	-
Interest received		44,355	57,590
<b>Net cash generated from operating activities</b>	13(b)	<u>614,640</u>	<u>570,618</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		<u>(9,021)</u>	-
<b>Net cash used in investing activities</b>		<u>(9,021)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		<u>(64,750)</u>	-
<b>Net cash used in financing activities</b>		<u>(64,750)</u>	-
Net decrease in cash and cash equivalents		540,869	570,618
Cash and cash equivalents at 1 July		<u>2,792,350</u>	<u>2,221,732</u>
Cash and cash equivalents at 30 June	13(a)	<u>3,333,219</u>	<u>2,792,350</u>

The accompanying notes form part of these financial statements

# South West Sydney Legal Centre Incorporated

A.B.N. 91 991 317 875

## Notes to the Financial Statements For the Year Ended 30 June 2020

The financial statements cover South West Sydney Legal Centre Incorporated as an individual entity, incorporated and domiciled in Australia. South West Sydney Legal Centre Incorporated is an incorporated Association in New South Wales.

The financial statements were authorised for issue by the Management Committee on the 17<sup>th</sup> September 2020.

### Note 1 - Statement of Significant Accounting Policies

#### Basis of Preparation

South West Sydney Legal Centre Incorporated applies Australian Accounting Standards -Reduced Disclosure Requirements as set out in *AASB 1053: Application of Tiers of Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, Associations Incorporation Act 2009 (NSW)* and Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB). The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual 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

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

#### (a) Revenue

##### Revenue Recognition

The Association has applied *AASB 15: Revenue from Contracts with Customers (AASB 15)* and *AASB 1058: Income of Not-for-Profit Entities (AASB 1058)* using the cumulative effective method of initially applying *AASB 15* and *AASB 1058* as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under *AASB 118: Revenue* and *AASB 1004: Contributions*. The details of accounting policies under *AASB 118* and *AASB 1004* are disclosed separately since they are different from those under *AASB 15* and *AASB 1058*.

##### In the current year

##### Operating Grants

When the Association receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to *AASB 15*:

When both these conditions are satisfied, the Association:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(a) Revenue (continued)**

Operating Grants (continued)

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example *AASB 9, AASB 16, AASB 116 and AASB 138*);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

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

In the comparative year

Non-reciprocal grant revenue is recognised in profit or loss when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Association and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

South West Sydney Legal Centre Incorporated receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(b) Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount of plant and equipment is written down immediately to the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciation amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	10%-40%
Leasehold improvements	Over lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(c) Leases**

The Association as lessee

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(c) Leases (continued)**

The Association as lessee (continued)

Lease payments included in the measurement of the lease liability are as follows:

- (i) fixed lease payments less any lease incentives;
- (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- (iii) the amount expected to be payable by the lessee under residual value guarantees;
- (iv) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- (v) lease payments under extension options if lessee is reasonably certain to exercise the options; and
- (vi) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary leases

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases) the Association has adopted the temporary relief under AASB2018-8 and measures the right of use asset at cost on initial recognition.

The Association as lessor

The Association licenses the use of some office space and facilities in their Liverpool office to an external party.

Upon entering into each contract as a lessor, the Association assesses if the lease is a finance or operating lease.

The contract is identified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Association's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Association uses the relative stand-alone price to allocate the consideration under the contract to the lease and non-lease components.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(d) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell 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 as at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practicable expedient was applied as specified in *AASB 15: Revenue from Contracts with Customers*.

**Classification and Subsequent Measurement**

Financial liabilities

Financial liabilities are subsequently measured at:

- (i) amortised cost; or
- (ii) fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- (i) a contingent consideration of an acquirer in a business combination to which *AASB 3: Business Combinations* applies;
- (ii) held for trading; or
- (iii) initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- (i) incurred for the purpose of repurchasing or repaying in the near term;
- (ii) part of a portfolio where there is an actual pattern of short-term profit taking; or
- (iii) a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(d) Financial Instruments (continued)**

**Classification and Subsequent Measurement (continued)**

Financial assets

Financial assets are subsequently measured at:

- (i) amortised cost; or
- (ii) fair value through other comprehensive income; or
- (iii) fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- (i) the contractual cash flow characteristics of the financial asset; and
- (ii) the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- (i) the financial asset is managed solely to collect contractual cash flows; and
- (ii) the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- (i) the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- (ii) the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Association initially designates a financial instrument as measured at fair value through profit or loss if:

- (i) it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- (ii) it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- (iii) it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which *AASB 3* applies, the Association made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Association's accounting policy.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(d) Financial Instruments (continued)**

**De-recognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- (i) the right to receive cash flows from the asset has expired or been transferred;
- (ii) all risk and rewards of ownership of the asset have been substantially transferred; and
- (iii) the Association no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Association elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The Association recognises a loss allowance for expected credit losses on:

- (i) financial assets that are measured at amortised cost or fair value through other comprehensive income;
- (ii) lease receivables;
- (iii) contract assets (e.g. amount due from customers under construction contracts);
- (iv) loan commitments that are not measured at fair value through profit or loss; and
- (v) financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- (i) financial assets measured at fair value through profit or loss; or
- (ii) equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(d) Financial Instruments (continued)**

**De-recognition (continued)**

Derecognition of financial assets (continued)

The Association uses the following approaches to impairment, as applicable under AASB 9:

- (i) the general approach;
- (ii) the simplified approach;
- (iii) the purchased or originated credit-impaired approach; and
- (iv) low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Association assesses whether the financial instruments are credit-impaired, and:

- (i) if the credit risk of the financial instrument has increased significantly since initial recognition, the Association measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- (ii) if there is no significant increase in credit risk since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- (i) trade receivables; and
- (ii) lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Association measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- (i) significant financial difficulty of the issuer or borrower;
- (ii) a breach of contract (e.g. default or past due event);
- (iii) a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- (iv) the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- (v) the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Association assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Association applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(d) Financial Instruments (continued)**

**De-recognition (continued)**

Low credit risk operational simplification approach (continued)

A financial asset is considered to have low credit risk if:

- (i) there is a low risk of default by the borrower;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term;  
and
- (iii) adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

**Recognition of expected credit losses in financial statements**

At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

**(e) Impairment of Assets**

At the end of each reporting date, the Association reviews the carrying values of its tangible and intangible 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 asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an assets class, the Association estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(f) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position

**Other long-term employee benefits**

The Association classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Association's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

**(g) Provisions**

Provisions are recognised when the Association 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(h) 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 borrowings in current liabilities on the statement of financial position.

**(i) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (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 expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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



## **Notes to the Financial Statements For the Year Ended 30 June 2020**

### **Note 1 - Statement of Significant Accounting Policies (continued)**

#### **(j) Income Tax**

No income tax is payable by the Association for the financial year and subsequent years due to the ATO endorsement as a Charitable Institution. The Association has income tax exempt status under subdivision 50-B of the *Income Tax Assessment Act 1997*. The income tax exempt status is subject to annual self-reviews.

#### **(k) Comparative Figures**

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

#### **(l) Critical Accounting Estimates and Judgments**

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

#### **Key estimates**

##### Useful lives of property, plant and equipment

As described in Note 1(b), the Association reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

#### **Key judgements**

##### Performance obligations under AASB 15

To identify a performance obligation under *AASB 15*, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

##### Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Association will make. The Association determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Association.

##### Employee benefits

For the purpose of measurement, *AASB 119: Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Association expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the Management Committee believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

#### **(m) Economic Dependence & Going Concern**

South West Sydney Legal Centre Incorporated is dependent on Legal Aid NSW and the Department of Communities and Justice NSW for the majority of its revenue used to operate the organisation. Multiple funding agreements are currently in place with expiration periods ranging from 30 June 2022 to 30 June 2024.

At the date of this report the Management Committee, given current funding agreements, believes the Association satisfies going concern and will continue operations in the normal manner accordingly.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(n) Fair Value of Assets and Liabilities**

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Association at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Association's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**(o) New and Amended Accounting Standards Adopted by the Association**

**Initial application of AASB 16**

The Association has adopted *AASB 16: Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with *AASB 16* the comparatives for the 2019 reporting period have not been restated.

The Association has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under *AASB 117: Leases* where the Association is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Association's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right of use assets for equipment was measured at its carrying amount as if *AASB 16: Leases* had been applied since the commencement date, but discounted using the Association's weighted average incremental borrowing rate on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid- and accrued lease payments previously recognised at 1 July 2019 (that are related to the lease).



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

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

**(o) New and Amended Accounting Standards Adopted by the Association (continued)**

**Initial application of AASB 16 (continued)**

The following practical expedients have been used by the Association in applying *AASB 16* for the first time:

- (i) for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- (ii) leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- (iii) the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- (iv) applying *AASB 16* to leases previously identified as leases under *AASB 117: Leases* and *Interpretation 4: Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and
- (v) not applying *AASB 16* to leases previously not identified as containing a lease under *AASB 117* and *Interpretation 4*.

**Initial application of AASB 15 and AASB 1058**

The Association has applied *AASB 15: Revenue from Contracts with Customers* and *AASB 1058: Income of Not-for-Profit Entities* using the cumulative effective method of initially applying *AASB 15* and *AASB 1058* as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under *AASB 118: Revenue* and *AASB 1004: Contributions*.

The Association has elected to apply *AASB 1058* retrospectively only to contracts that are not completed contracts at the date of initial application. There was no adjustment to opening retained surplus on 1 July 2019. A classification change occurred which resulted in the deferred income now being classified as contract liability in line with wording used in *AASB 15*.



**South West Sydney Legal Centre Incorporated**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
<b>Note 2 – Revenue</b>		
<b>Revenue</b>		
Government Grants	6,080,990	5,227,665
Other Grants	40,000	75,000
Unspent government grants	-	(243,340)
Revenue rolled in from prior years	501,765	-
<b>Total revenue</b>	<u>6,622,755</u>	<u>5,059,325</u>
<b>Other income</b>		
Rent	5,317	5,279
Interest	41,195	57,590
Donations	7,924	23,152
Other income	91,614	54,084
<b>Total other income</b>	<u>146,050</u>	<u>140,105</u>
<b>Total Revenue and other income</b>	<u>6,768,805</u>	<u>5,199,430</u>

**Transaction price allocated to the remaining performance obligation**

The table below shows the grant revenue expected to be recognised in the future related to the performance obligations that are unsatisfied (partially satisfied) at the reporting date.

	2021	Total
	\$	\$
Revenue from government grants	381,764	381,764
	2020	2019
	\$	\$

**Note 3 – Surplus for the year**

**Expenses**

Finance costs		
- Interest expense on lease liabilities	<u>4,845</u>	-
Depreciation and Amortisation		
- Plant and Equipment	6,551	2,836
- Leasehold Improvements	236	119
- Right of Use Assets	66,147	-
<b>Total Depreciation and Amortisation</b>	<u>72,934</u>	<u>2,955</u>

**Note 4 – Auditor's Remuneration**

Remuneration of the auditor of the Association for:

- Audit and Review of the Financial Report	14,000	6,427
- Audit and Review of Financial Acquittals	500	-
<b>Total Auditor's Remuneration</b>	<u>14,500</u>	<u>6,427</u>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
<b>Note 5 – Cash and Cash Equivalents</b>		
Cash on hand	1,200	529
Cash at bank	3,332,019	2,791,821
Total Cash and Cash Equivalents	<u>3,333,219</u>	<u>2,792,350</u>
<b>Note 6 – Other Assets</b>		
Bonds	14,412	14,412
Accrued income	9,643	12,803
Prepayments	2,495	2,010
	<u>26,550</u>	<u>29,225</u>
<b>Note 7 – Property, Plant and Equipment</b>		
Plant and equipment – at cost	106,743	151,831
Accumulated depreciation	(89,340)	(136,898)
	<u>17,403</u>	<u>14,933</u>
Leasehold improvements – at cost	9,861	31,366
Accumulated amortisation	(9,861)	(31,130)
	<u>-</u>	<u>236</u>
Total property, plant and equipment	<u>17,403</u>	<u>15,169</u>

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Leasehold Improvements
	\$	\$
Balance at 1 July 2019	151,831	31,366
Acquisitions	9,021	-
Disposals / Write-Off	(54,109)	(21,505)
Balance at 30 June 2020	<u>106,743</u>	<u>9,861</u>

**Depreciation, amortisation and impairment losses**

Balance at 1 July 2019	(136,898)	(31,130)
Depreciation for the year	(6,551)	-
Amortisation for the year	-	(236)
Impairment loss	-	-
Disposals / Write-Off	54,109	21,505
Balance at 30 June 2020	<u>(89,340)</u>	<u>(9,861)</u>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**Note 7 – Property, Plant and Equipment (continued)**

	<b>Plant and Equipment</b>	<b>Leasehold Improvements</b>
<b>Carrying Amounts</b>	<b>\$</b>	<b>\$</b>
At 1 July 2019	14,933	236
At 30 June 2020	17,403	-

**Note 8 – Right of use assets**

The Association's lease portfolio includes office building leases. The Liverpool office lease is a 3-year lease term. The Bankstown office lease was a 15-month lease that expired on 30 June 2020; from 1 July 2020 the lease is monthly (i.e. no contract). The Smithfield office lease is a 12-month lease term. The Bankstown and Smithfield office leases were classified as short-term leases and recognised as an operating expense on a straight-line basis over the term of the lease.

**Options to extend or terminate**

The option to extend or terminate are contained in the building leases of the Association. These clauses provide the Association opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Association.

The extension options or termination options which were probable to be exercised have been included in the calculation of the right of use asset.

**Concessionary lease**

During the current year, the Association had exclusive use of an office space within the Downing Centre Court building for the purpose of providing domestic and family violence support services to clients; there is no formal lease agreement in place for this use. The Association also had shared and exclusive use of various smaller spaces within the Sydney Family Court and local courts in Waverley, Newtown, Bankstown, Fairfield and Liverpool to provide services to clients; there are no formal lease agreements in place for that use.

This is measured at cost in accordance with the Associations accounting policy as outlined in Note 1(c).



# South West Sydney Legal Centre Incorporated

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### Note 8 – Right of use assets (continued)

#### AASB related amounts recognised in the statement of financial position

	2020
<b>Right of use assets</b>	<b>\$</b>
Leased building	198,437
Accumulated depreciation	<u>(115,757)</u>
	<u>82,680</u>
Total right of use asset	<u>82,680</u>

#### Movement in carrying amounts

Leased buildings:	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	198,437
Depreciation expense	<u>(115,757)</u>
Net carrying amount	<u>82,680</u>
Total net carrying amount	<u>82,680</u>

#### AASB related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets	<u>66,147</u>
Interest expense on lease liabilities	<u>4,845</u>

**South West Sydney Legal Centre Incorporated**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
<b>Note 9 – Trade and Other Payables</b>		
CURRENT		
Trade payables	193,352	101,445
Monies held in trust	48,969	67,026
Other payables	450,321	264,401
	<u>692,642</u>	<u>432,872</u>
<b>Financial liabilities at amortised cost classified as trade and other payables</b>		
Trade and other payables:		
- total current	692,642	432,872
- total non-current	-	-
Financial liabilities as trade and other payables	<u>692,642</u>	<u>432,872</u>
<b>Note 10 – Lease Liabilities</b>		
CURRENT		
Lease liabilities	<u>69,022</u>	-
NON-CURRENT		
Lease liabilities	<u>18,160</u>	-
<b>Note 11 – Provisions</b>		
CURRENT		
Provision for employee benefits: annual leave	673,191	406,112
Provision for employee benefits: long service leave	191,174	155,794
Provision for maternity leave	86,541	58,166
Provision for relief staff	71,589	123,528
	<u>1,022,495</u>	<u>743,600</u>
NON-CURRENT		
Provision for employee benefits: long service leave	<u>135,635</u>	81,697
<b>Analysis of total provisions</b>		
Opening balance at 1 July	825,297	652,945
Adjustments	<u>332,833</u>	<u>172,352</u>
Closing balance at 30 June	<u>1,158,130</u>	<u>825,297</u>

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Association does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(f).

**South West Sydney Legal Centre Incorporated**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
<b>Note 12 – Other liabilities</b>		
Deferred income - Legal services	-	222,839
Deferred income - Donation	-	7,961
Contract liability - Government funding	381,764	506,300
	<u>381,764</u>	<u>737,100</u>
<b>Contract liabilities</b>		
Balance at the beginning of the year	-	-
Reclassified from deferred income on initial application of AASB 15	506,300	-
Less:		
Grants for which performance obligations were satisfied during the year	(506,300)	-
Additions:		
Grants for which performance obligations will only be satisfied in subsequent years	381,764	-
Closing balance at the end of the year	<u>381,764</u>	<u>-</u>

If grants are enforceable and have sufficiently specific performance obligations in accordance with AASB 15 the amount received at that point in time, is recognised as a contract liability until the performance obligations have been satisfied.

**Note 13 – Cash Flow Information**

**(a) Reconciliation of cash**

Cash on hand	1,200	529
Cash at bank	3,332,019	2,791,821
Total cash and cash equivalents	<u>3,333,219</u>	<u>2,792,350</u>

**(b) Reconciliation of cash flow from operating activities**

<i>Cash flows from operating activities</i>		
Surplus/(deficit) after income tax for the year	301,763	226,079
Adjustments for:		
Depreciation and amortisation	72,934	2,955
Change in assets and liabilities:		
Change in other assets	2,675	(16,289)
Change in trade and other payables	259,770	233,856
Change in provisions	332,834	172,351
Change in other liabilities	(355,336)	(48,334)
Net cash from used in operating activities	<u>614,640</u>	<u>570,618</u>



**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
<b>Note 14 – Employee Remuneration</b>		
<b>(a) Employee Benefits Expenses</b>		
Expenses recognised for employee benefits are analysed below.		
Wages and salaries	4,853,311	3,672,593
Superannuation	452,450	327,732
Workers compensation insurance	13,684	13,160
Employee benefit provisions	356,399	178,153
Recruitment related costs	10,793	23,690
Other employee costs	109,369	13,548
	<u>5,796,006</u>	<u>4,228,876</u>

**Note 15 – Capital and Leasing Commitments**

**Operating Lease Commitments**

Non-cancellable operating leases contracted for but not recognised in the financial statements:

*Payable – minimum lease payments*

- Not later than one year	8,779	113,717
- Later than one year and not later than five years	-	93,587
- Later than five years	-	-
	<u>8,779</u>	<u>207,304</u>

The office lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements; lease terms at each office location range from 12 months to 15 months. The unexpired lease term at both locations is less than 12 months. Increases in lease commitments occur in line with the consumer price index (CPI).

**Capital Expenditure Commitments**

Plant and equipment	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**Note 16 – Contingent Liabilities and Contingent Assets**

There were no contingent assets in relation to 30 June 2020 and 30 June 2019.

Estimates of the maximum amounts of contingent liabilities which may become payable:

Payable to employees under the Enterprise Agreement in the event of redundancy	<u>669,882</u>	<u>469,653</u>
Professional indemnity insurance excess in the event of a claim	<u>10,000</u>	<u>10,000</u>

# South West Sydney Legal Centre Incorporated

A.B.N. 91 991 317 875

## Notes to the Financial Statements For the Year Ended 30 June 2020

### Note 17 - Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including any members of the Management Committee (whether executive or otherwise) of that Association, is considered key management personnel (KMP).

The names and positions of those having authority for planning, directing and controlling the Association's activities, directly or indirectly (other than Management Committee), are:

Yvette Vignando, Chief Executive Officer  
Peter Multari, Principal Solicitor  
Susan Smith, Manager Sydney WDVCS  
Farah Assafiri, Manager SWS WDVCS  
Eleonora Raffo, Manager DFV Casework Services  
Effi Vassiliadis, Operations Manager

The totals of remuneration paid to KMP of the Association during the year are as follows:

KMP compensation:

	2020	2019
	\$	\$
- short-term employee benefits	751,286	643,874
- post-employment benefits	67,518	67,605
- other long-term benefits	<u>19,560</u>	<u>16,912</u>
Total compensation	<u>838,364</u>	<u>728,391</u>

### Note 18 – Other Related Party Transactions

The Association's other related parties include its Members of the Management Committee.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

#### 18.1 Management Committee's compensation

The Members of the Management Committee act in an honorary capacity and receive no compensation for their services.

#### 18.2 Transactions with Members of the Management Committee entities

There were no transactions between the Association and members of the Management Committee during the year.

#### 18.3 Transactions with key management personnel

The Association leased its Liverpool premises from two proprietary limited companies which have a director who is one of the key management personnel. The amounts paid were based on market rates and amounted to \$68,329 (2019: \$67,252).

The Association licensed the use of part of the Liverpool premises to a business owned by the partner of one of the key management personnel. The amounts billed were based on market rates and amounted to \$5,316 (2019: \$5,279)

The Association used the services of a business owned by a partner of one of the key management personnel. The amounts paid were based on market rates and amounted to \$77,463 (2019: \$31,652).

## South West Sydney Legal Centre Incorporated

A.B.N. 91 991 317 875

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### Note 19 – Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, short-term investments, payables and lease liabilities. The carrying amounts for each category of financial instruments, measured in accordance with *AASB 9: Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 \$	2019 \$
<b>Financial Assets</b>			
Financial assets at amortised cost:			
- cash and cash equivalents	5	<u>3,333,219</u>	<u>2,792,350</u>
Total financial assets		<u>3,333,219</u>	<u>2,792,350</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost:			
- trade and other payables	9	692,642	432,872
- lease liabilities	10	<u>87,182</u>	-
Total financial liabilities		<u>779,824</u>	<u>432,872</u>

#### Note 20 – Events after the Reporting Period

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Management Committee of the Association, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association, in future financial years.

#### Note 21 – Members Guarantee

The Association is Incorporated under the *Associations Incorporation Act 2009 (NSW)*. If the Association is wound up the constitution states that each member is required to contribute an amount that is limited to the amount, if any, unpaid by the members in respect of membership of the Association.

#### Note 22 - Entity Details

The registered office of the entity is:

South West Sydney Legal Centre Incorporated  
Level 1  
100 Moore Street  
Liverpool NSW 2170

The principal place of business is:

South West Sydney Legal Centre Incorporated  
Level 1  
100 Moore Street  
Liverpool NSW 2170



**South West Sydney Legal Centre Incorporated**  
**A.B.N. 91 991 317 875**

**Management Committee's Declaration**

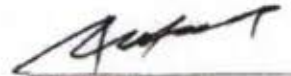
The Management Committee of the registered entity declare that, in the Management Committee's opinion:

1. The financial statements and notes, as set out on pages 5 to 30, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 2009 (NSW)* and:
  - (a) Give a true and fair view of the financial position of the registered entity as at 30 June 2020 and of its performance for the year ended on that date; and
  - (b) Comply with Australian Accounting Standards – Reduced Disclosure Requirements applicable to the registered entity.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Naushee Rahman  
Chairperson



Rakesh Raj  
Treasurer

Dated this 17<sup>th</sup> day of September 2020  
Sydney, NSW



**Independent Auditor's Report  
To the Members of  
South West Sydney Legal Centre Incorporated  
A.B.N. 91 991 317 875**

**Opinion**

We have audited the financial report of South West Sydney Legal Centre Incorporated (the registered entity), which comprises the statement of financial position as at 30 June 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Management Committee's declaration.

In our opinion, the accompanying financial report of South West Sydney Legal Centre Incorporated is prepared, in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) and the *Associations Incorporation Act 2009 (NSW)*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Regulation 2013*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the ACNC Act, the *Associations Incorporation Act 2009 (NSW)* 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 our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Matters Relating to the Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of South West Sydney Legal Centre Incorporated for the year ended 30 June 2020 included on the South West Sydney Legal Centre Incorporated website. The registered entity's Management Committee are responsible for the integrity of South West Sydney Legal Centre Incorporated website. We have not been engaged to report on the integrity of South West Sydney Legal Centre Incorporated website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may be hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

**Information Other than the Financial Report and Auditor's Report Thereon**

The Management Committee are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





**Independent Auditor's Report  
To the Members of  
South West Sydney Legal Centre Incorporated  
A.B.N. 91 991 317 875**

**Responsibilities of Those Charged with Governance for the Financial Report**

The Management Committee of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *ACNC Act* and the *Associations Incorporation Act 2009 (NSW)* and for such internal control as the Management Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Management Committee are responsible for assessing the registered entity'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 the Management Committee either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 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 Management Committee.
- Conclude on the appropriateness of Management Committee's 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We communicate with the Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





**Independent Auditor's Report  
To the Members of  
South West Sydney Legal Centre Incorporated  
A.B.N. 91 991 317 875**

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of section 60-45(3)(b) of the *Australian Charities and Not-for-profits Commission Act 2012* we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in paragraph 60-30(3)(b), (c) or (d) of the *Australian Charities and Not-for-profits Commission Act 2012*. We have nothing to report in this regard.

**MOSAIC AUDIT & CONSULTING**

**Vanessa Patricio**

Principal

Registered Company Auditor # 333315

Dated this 17<sup>th</sup> day of September 2020  
Sydney, NSW