

**SOUTH WEST SYDNEY LEGAL CENTRE
INCORPORATED**

(Now operating as **Justice Support Centre**, since Dec 2022)

A.B.N. 91 991 317 875

Annual Financial Report

**For the Year Ended
30 June 2022**

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

Financial Report
For the year ended 30 June 2022

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

Management Committee's Report
For the Year Ended 30 June 2022

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 2022 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 Chair)
Rakesh Raj (Treasurer)
Diana Chang (Secretary and Vice President)
Caroline Alcorso
Joanna Abraham
Carmela Tassone
Rivkah Nissim

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:

| Current Management Committee | Management Committee Meetings | |
|-------------------------------------|--------------------------------------|--------------------------|
| | Meetings Eligible to Attend | Meetings Attended |
| Naushee Rahman | 7 | 7 |
| Rakesh Raj | 7 | 6 |
| Diana Chang | 7 | 7 |
| Caroline Alcorso | 7 | 6 |
| Joanna Abraham | 7 | 7 |
| Carmela Tassone | 7 | 4 |
| Rivkah Nissim | 7 | 6 |

Principal Activities

The principal activities 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.

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

Management Committee's Report
For the Year Ended 30 June 2022

Long-term Objectives

The Association's long-term objectives are to provide equitable and accessible legal services to our community and to empower women and children to break the cycle of domestic and family violence.

Strategies

The Association's strategic plan 2021-2024 is published on its website. The plan has five key pillars:

- Increase capacity to meet demand for legal services
- Strengthen domestic and family violence programs
- Make the organisation an even better place to work
- Increase revenue and in-kind support to deliver services to more people
- Define clients' key needs and measure impact

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 \$109,251 (2021: Surplus: \$270,750).

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.

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.

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

Management Committee's Report
For the Year Ended 30 June 2022

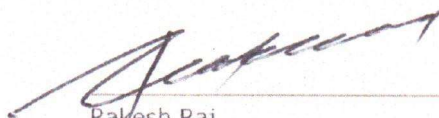
Auditor's Independence Declaration

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 2022.

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

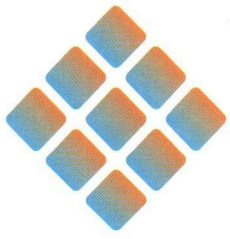


Naushee Rahman
Chair



Rakesh Raj
Treasurer

Dated this 13th day of October 2022
Sydney, NSW



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

**Auditor's Independence Declaration
For the Year Ended 30 June 2022**

**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 2022 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 13th day of October 2022
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 2022

| | Note | 2022 \$ | 2021 \$ |
|--|-------|---------------------------|---------------------------|
| Continuing Operations | | | |
| Revenue | 2 | <u>7,150,690</u> | <u>7,000,141</u> |
| Expenditure | | | |
| Employee benefits expenses | | (6,376,407) | (6,048,122) |
| Information technology | | (147,816) | (146,995) |
| Occupancy expenses | | (179,518) | (100,871) |
| Client support services | | (91,723) | (98,143) |
| Training and development | | (51,677) | (55,651) |
| Consultancy fees | | (33,808) | (17,075) |
| Audit, legal and accountancy fees | | (32,368) | (31,632) |
| Depreciation and amortisation | 3 | (22,028) | (70,032) |
| Insurance | | (19,496) | (17,586) |
| Printing, postage and stationery | | (17,759) | (28,839) |
| Accommodation and travel | | (3,141) | (10,148) |
| Conferences and events | | (1,462) | (650) |
| Interest Paid | 3 | (120) | (2,322) |
| Other expenses | | (64,116) | (101,325) |
| Total expenditure | | <u>(7,041,439)</u> | <u>(6,729,391)</u> |
| Net surplus/(deficit) before income tax | | <u>109,251</u> | <u>270,750</u> |
| Income tax expense | 19(k) | - | - |
| Surplus/(deficit) after income tax | | <u>109,251</u> | <u>270,750</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>109,251</u> | <u>270,750</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 2022

| | Note | 2022 \$ | 2021 \$ |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 2,957,829 | 3,326,631 |
| Trade and other receivables | 6 | 5,464 | - |
| Other current assets | 7 | 117,755 | 68,706 |
| TOTAL CURRENT ASSETS | | <u>3,081,048</u> | <u>3,395,337</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 91,802 | 16,012 |
| Financial assets | 9 | 1,267,896 | - |
| Right of use assets | 10 | - | 16,535 |
| TOTAL NON-CURRENT ASSETS | | <u>1,359,698</u> | <u>32,547</u> |
| TOTAL ASSETS | | <u>4,440,746</u> | <u>3,427,884</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 469,693 | 410,058 |
| Lease liabilities | 12 | - | 18,160 |
| Provisions | 13 | 1,461,599 | 1,231,822 |
| Other liabilities | 14 | 765,861 | 186,112 |
| TOTAL CURRENT LIABILITIES | | <u>2,697,153</u> | <u>1,846,152</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 13 | 223,458 | 170,848 |
| TOTAL NON-CURRENT LIABILITIES | | <u>223,458</u> | <u>170,848</u> |
| TOTAL LIABILITIES | | <u>2,920,611</u> | <u>2,017,000</u> |
| NET ASSETS | | <u>1,520,135</u> | <u>1,410,884</u> |
| EQUITY | | | |
| Retained surplus | | <u>1,520,135</u> | <u>1,410,884</u> |
| TOTAL EQUITY | | <u>1,520,135</u> | <u>1,410,884</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 2022

| | Retained Surplus | Total |
|--------------------------------|-----------------------------|------------------|
| | \$ | \$ |
| Balance at 1 July 2020 | 1,140,134 | 1,140,134 |
| Surplus for the year | 270,750 | 270,750 |
| Balance at 30 June 2021 | <u>1,410,884</u> | <u>1,410,884</u> |
| Balance at 1 July 2021 | 1,410,884 | 1,410,884 |
| Surplus for the year | 109,251 | 109,251 |
| Balance at 30 June 2022 | <u>1,520,135</u> | <u>1,520,135</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 Cash Flows
For the Year Ended 30 June 2022

| | Note | 2022 \$ | 2021 \$ |
|--|------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from Government grants received | | 8,475,766 | 7,388,115 |
| Cash receipts from other revenue | | 8,442 | 72,820 |
| Payments to suppliers and employees | | (7,507,777) | (7,411,051) |
| Interest paid | | (120) | (2,322) |
| Interest received | | 22,226 | 17,367 |
| Net cash generated from operating activities | | <u>998,537</u> | <u>64,929</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments to acquire plant and equipment | | (81,283) | (2,495) |
| Investment in financial assets | | <u>(1,267,896)</u> | - |
| Net cash used in investing activities | | <u>(1,349,179)</u> | <u>(2,495)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments to reduce lease liabilities | | <u>(18,160)</u> | <u>(69,022)</u> |
| Net cash used in financing activities | | <u>(18,160)</u> | <u>(69,022)</u> |
| Net increase/(decrease) in cash and cash equivalents | | (368,802) | (6,588) |
| Cash and cash equivalents at the beginning of the year | | <u>3,326,631</u> | <u>3,333,219</u> |
| Cash and cash equivalents at the end of the year | 5 | <u>2,957,829</u> | <u>3,326,631</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 2022

Note 1 – About South West Sydney Legal Centre Incorporated

Note 1.1 – Corporate Information

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

The principal activities 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.

The Association is a registered charity with the Australian Charities and Not-For-Profit Commission which holds deductible gift recipient status and is exempt from income tax.

The financial report of the not-for-profit company, South West Sydney Legal Centre Incorporated (the Association), for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Management Committee on the 13th October 2022.

The registered office of the Association and its principal place of business is:

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

Members Guarantee

The Association is Incorporated under the *Associations Incorporation Act 2009 (NSW)*. In the event of the Association being 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. At 30 June 2022, the number of members was 8 (2021: 8).

Note 1.2 - Basis of Preparation

The general-purpose financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, Australian Accounting Standards – Simplified Disclosures, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Historical cost convention

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.

Currency and rounding of amounts

The financial report is presented in Australian dollars, which is the Association's functional and presentation currency.

The amounts presented in the financial statements have been rounded to the nearest dollar.

Note 1.3 - Significant Accounting Policies

The significant accounting policies documenting the measurement basis used in preparing the financial information and other accounting information relevant to an understanding of the financial report are discussed in Note 19.

Note 1.4 - Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Specific accounting judgements and estimates are discussed in Note 19(m).

South West Sydney Legal Centre Incorporated
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Notes to the Financial Statements
For the Year Ended 30 June 2022

2022 **2021**
\$ \$

Note 2 – Revenue

(a) Disaggregation of Revenue

Revenue has been disaggregated based on type of goods or services provided and source of funds:

Type of good or service

Information, legal and advocacy programs:

| | | |
|--|------------------|------------------|
| Government Grants | 7,054,091 | 6,642,783 |
| Other Grants | 130,000 | 133,470 |
| Other Grants rolled in/(out) from prior years | 26,824 | - |
| Government Grants rolled in/(out) from prior years | <u>(82,122)</u> | <u>135,868</u> |
| Total grant revenue | <u>7,128,793</u> | <u>6,912,121</u> |

Other income

| | | |
|------------------------------------|------------------|------------------|
| Interest | 12,059 | 21,820 |
| Donations | 4,115 | 9,211 |
| Other income | <u>5,723</u> | <u>56,989</u> |
| Total other revenue | <u>21,897</u> | <u>88,020</u> |
| Revenue from continuing operations | <u>7,150,690</u> | <u>7,000,141</u> |

Source of funds

| | | | |
|-----------------------------|------|------------------|------------------|
| Government | 2(b) | 6,971,969 | 6,778,651 |
| Not-for-profit organisation | | 156,824 | 133,470 |
| Donors | | 4,115 | 9,211 |
| Other | | <u>17,782</u> | <u>78,809</u> |
| | | <u>7,150,690</u> | <u>7,000,141</u> |

(b) Revenue from Government Sources

Commonwealth Government

| | | |
|---|-----------|-----------|
| - Legal Aid NSW | 2,585,987 | 3,549,066 |
| - Department of Communities and Justice | 72,788 | 70,913 |

State Government

| | | |
|---|------------------|------------------|
| - Legal Aid NSW | 2,804,361 | 2,181,527 |
| - Department of Communities and Justice | <u>1,508,833</u> | <u>987,145</u> |
| | <u>6,971,969</u> | <u>6,778,651</u> |

(c) 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.

| | | |
|--------------------------------|----------------|----------------|
| | 2023 | Total |
| | \$ | \$ |
| Revenue from government grants | <u>765,861</u> | <u>765,861</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 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Note 3 – Surplus for the year | | |
| Expenses | | |
| Interest Paid | | |
| - Interest expense on lease liabilities | <u>120</u> | <u>2,322</u> |
| Depreciation and Amortisation | | |
| - Plant and Equipment | 5,493 | 3,886 |
| - Right of Use Assets | <u>16,535</u> | <u>66,146</u> |
| Total Depreciation and Amortisation | <u>22,028</u> | <u>70,032</u> |
| Note 4 – Auditor’s Remuneration | | |
| Amounts paid to Mosaic Audit & Consulting for: | | |
| - Audit of the Financial Report | 16,500 | 14,000 |
| - Audit of the New Accounting System | - | 1,500 |
| - Audit of the New Payroll System | 1,000 | - |
| - Other services – Grant acquittals audit | 500 | 500 |
| - Other services – Henderson report | - | 500 |
| - Other services – Simplified Disclosure Reporting | <u>1,000</u> | <u>-</u> |
| Total Auditor’s Remuneration | <u>19,000</u> | <u>16,500</u> |
| Note 5 – Cash and Cash Equivalents | | |
| Cash on hand | - | 1,200 |
| Cash at bank | <u>2,957,829</u> | <u>3,325,431</u> |
| Total Cash and Cash Equivalents | <u>2,957,829</u> | <u>3,326,631</u> |
| Note 6 – Trade and Other Receivables | | |
| Trade receivables | <u>5,464</u> | <u>-</u> |
| Total Trade and Other Receivables | <u>5,464</u> | <u>-</u> |
| Trade receivables are carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from 7 to 30 days. | | |
| No collateral is held in respect of these receivables. | | |
| Note 7 – Other Current Assets | | |
| Bonds | 14,162 | 14,162 |
| Accrued income | 3,929 | 14,096 |
| Prepayments | <u>99,664</u> | <u>40,448</u> |
| Total Other Current Assets | <u>117,755</u> | <u>68,706</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 2022

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$ | \$ |
| Note 8 – Property, Plant and Equipment | | |
| Plant and equipment – at cost | 154,064 | 109,238 |
| Accumulated depreciation | (62,262) | (93,226) |
| | <u>91,802</u> | <u>16,012</u> |
| Leasehold improvements – at cost | 9,861 | 9,861 |
| Accumulated amortisation | (9,861) | (9,861) |
| | <u>-</u> | <u>-</u> |
| Total property, plant and equipment | <u>91,802</u> | <u>16,012</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 |
|----------------------------|------------------------|---------------------------|
| | \$ | \$ |
| Cost or deemed cost | | |
| Balance at 30 June 2021 | 109,238 | 9,861 |
| Acquisitions | 81,283 | - |
| Disposals / Write-Off | (36,457) | - |
| Balance at 30 June 2022 | <u>154,064</u> | <u>9,861</u> |

Depreciation, amortisation and impairment losses

| | | |
|---------------------------|-----------------|----------------|
| Balance at 30 June 2021 | (93,226) | (9,861) |
| Depreciation for the year | (5,493) | - |
| Amortisation for the year | - | - |
| Impairment loss | - | - |
| Disposals / Write-Off | 36,457 | - |
| Balance at 30 June 2022 | <u>(62,262)</u> | <u>(9,861)</u> |

Carrying Amounts

| | | |
|-----------------|---------------|---|
| At 1 July 2021 | <u>16,012</u> | - |
| At 30 June 2022 | <u>91,802</u> | - |

Note 9 – Financial Assets

| | | |
|------------------------|------------------|---|
| Term deposit | <u>1,267,896</u> | - |
| Total Financial Assets | <u>1,267,896</u> | - |

Bank term deposits with an original maturity term of 12 months or more are classified as non-current financial assets.

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

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 10 – Right of use assets

The Association's lease portfolio includes office building leases. The Liverpool office lease was a 3-year lease term that expired on 29 September 2021 and is currently on a month-by-month basis (i.e. no contract). The Bankstown and Smithfield office leases are on a month-by-month basis (i.e. no contract).

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 19(e).

AASB related amounts recognised in the statement of financial position

| | 2022 | 2021 |
|----------------------------|-------------|-------------|
| | \$ | \$ |
| Right of use assets | | |
| Leased building | - | 198,437 |
| Accumulated depreciation | - | (181,902) |
| | - | 16,535 |
| Total right of use asset | - | 16,535 |

Movement in carrying amounts

| | Leased Building |
|---|------------------------|
| | \$ |
| Leased buildings: | |
| Net carrying amount at 1 July 2021 | 16,535 |
| Depreciation expense | (16,535) |
| Net carrying amount at 30 June 2022 | - |
| Total net carrying amount at 30 June 2022 | - |

AASB related amounts recognised in the statement of profit or loss

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Depreciation charge related to right-of-use assets | 16,535 | 66,145 |
| Interest expense on lease liabilities | 120 | 2,322 |

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

Notes to the Financial Statements
For the Year Ended 30 June 2022

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 11 – Trade and Other Payables | | |
| CURRENT | | |
| Trade payables | 235,085 | 217,362 |
| Monies held in trust | 18,795 | 24,909 |
| Other payables | 215,813 | 167,787 |
| | <u>469,693</u> | <u>410,058</u> |

Trade and other payables represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days.

Note 12 – Lease Liabilities

| | | |
|-------------------|----------|---------------|
| CURRENT | | |
| Lease liabilities | <u>-</u> | <u>18,160</u> |

Lease payments not recognised as a liability

The Association has elected not to recognise a lease liability for short-term leases (expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

All office leases are payable on a monthly basis (i.e. no contract).

Note 13 – Provisions

| | | |
|---|------------------|------------------|
| CURRENT | | |
| Provision for employee benefits: annual leave | 877,482 | 751,953 |
| Provision for employee benefits: long service leave | 216,247 | 226,252 |
| Provision for make-good under leases | 98,367 | - |
| Provision for maternity leave | 140,312 | 140,312 |
| Provision for relief staff | 129,191 | 92,945 |
| Provision for redundancy | - | 20,360 |
| | <u>1,461,599</u> | <u>1,231,822</u> |
| NON-CURRENT | | |
| Provision for employee benefits: long service leave | <u>223,458</u> | <u>170,848</u> |

Note 14 – Other liabilities

| | | |
|---|----------------|----------------|
| Contract liability - Government funding | <u>765,861</u> | <u>186,112</u> |
| | <u>765,861</u> | <u>186,112</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 2022

Note 15 – Commitments

All office leases are payable on a monthly basis (i.e. no contract).

A Heads of Agreement regarding the potential lease of a new Head Office (at Bankstown) was entered into during July 2022. As at the date of this report, the lease is currently under negotiation, there is no signed lease agreement and as such no future commitments have been disclosed.

Note 16 – Contingent Liabilities and Contingent Assets

There were no contingent assets in relation to 30 June 2022 and 30 June 2021.

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>1,102,038</u> | <u>880,375</u> |
| Professional indemnity insurance excess in the event of a claim | <u>10,000</u> | <u>10,000</u> |

Note 17 – Related parties and related-party transactions

17.1 Management Committee's compensation

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

17.2 Transactions with Members of the Management Committee entities

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

17.3 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 \$57,042 (2021: \$70,105).

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 \$16,496 (2021: \$4,909)

In 2021, the Association used the services of a business owned by a partner of one of the key management personnel and paid market rates (2021: \$39,037); the Association did not use those services in 2022.

17.4 Key management personnel compensation

The compensation paid to key management personnel during the year was \$938,292 (2021: \$935,364).

Notes to the Financial Statements **For the Year Ended 30 June 2022**

Note 18 – 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 19 – Significant Accounting Policies

New and Amended Accounting Standards Adopted by the Association

The Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021. The following standards were adopted by the Association:

- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The above standard did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Explanation of transition to Australian Accounting Standards – Simplified Disclosures

The Association previously prepared general-purpose financial statements under Tier 2 – Reduced Disclosure Requirements. There were no transition adjustments other than a few disclosure changes on adoption of Australian Accounting Standards – Simplified Disclosures.

Significant Accounting Policies

The Association has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Revenue

Revenue Recognition

The Association recognises income from its main revenue/income streams, as listed below:

- Operating grants; and
- Interest revenue.

Government Grants and Other Operating Grants

When the Association receives government grants and other operating grants that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Association to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

Where the consideration to acquire an asset is significantly less than fair value principally to enable the Association to further its objectives, the transaction is accounted for under AASB 1058 where the Association:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138).
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - Contributions by owners (AASB 1004)
 - A lease liability (AASB 16)
 - Revenue, or a contract liability arising from a contract with a customer (AASB 15)
 - A financial instrument (AASB 9)
 - A provision (AASB 137).

In cases where the consideration is solely performance obligations under an enforceable contract and sufficiently specific to enable determination as to when the obligations are satisfied, the transaction is accounted for under AASB 15.

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).

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 19 – Significant Accounting Policies (continued)

(b) Expenses

All expenditure is accounted for on an accruals basis and has been classified under headings reflecting the relevant nature of the Association which incurred the cost. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the Association's cash requirements. These deposits earn interest at market rates.

(d) Property, Plant and Equipment

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

Depreciation

The depreciation amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, are depreciated over their useful lives 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.

Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows in the current and prior year:

| <i>Class of Fixed Asset</i> | <i>Depreciation Rate</i> |
|-----------------------------|--------------------------|
| Plant and equipment | 10.00%-33.33% |

Impairment

Impairment indicators over plant and equipment and right of use assets are considered at each reporting date. If indicators exist, then the recoverable amount of the relevant asset / cash-generating unit is determined.

The recoverable amount of plant and equipment is the higher of fair value less costs of disposal and value in use.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment and right of use assets, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when the item is no longer used in the operations of the Association.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the result for the year when the asset is derecognised.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 19 – Significant Accounting Policies (continued)

(e) Leases

The Association as lessee

At inception of a contract, the Association assesses whether a lease exists, that is, does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e., decision-making rights in relation to changing how and for what purpose the asset is used.

The Association has elected not to separate non-lease components from lease components and have accounted for all leases as a single component.

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Association has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 19 – Significant Accounting Policies (continued)

(e) Leases (continued)

The Association as lessor

The Association leases 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.

(f) Employee Benefits

Employee benefits comprise wages and salaries, annual leave, non-accumulating sick leave, long-service leave and contributions to superannuation plans.

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date in respect of employees' services up to the reporting date are recognised at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long-term benefits is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(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.

Make-good provisions

Costs required to return certain leased premises to their original condition as set out in the lease agreements are recognised as a provision in the financial report. The provision has been calculated as an estimate of future costs and discounted to a present value and is revised on an annual basis.

Since these future costs are based on the Associations past experience with similar premises and estimates of likely restoration costs determined by the Association, these estimates may vary from actual costs incurred as a result of conditions existing at the date the premises is vacated.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 19 – Significant Accounting Policies (continued)

(h) Contract liabilities

Contract liabilities generally represent the unspent grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

(i) Financial Risk Management

Financial instruments

Financial instruments are recognised initially on the date that the Association becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs except for financial assets through profit or loss.

Financial Assets

Financial Assets All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, instruments measured at:

- amortised cost; or
- fair value through profit or loss – FVTPL; or
- fair value through other comprehensive income – equity instrument (FVOCI – equity).

Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised cost

The Association measures receivables, cash and cash equivalents at amortised cost.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets measured at amortised cost

Impairment of financial assets is determined on an expected credit loss (ECL) basis for financial assets measured at amortised cost and contract assets arising under AASB 15.

The Association has used the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

When estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in the result for the year. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

None of the other receivables are past due at the reporting date.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 19 – Significant Accounting Policies (continued)

(i) Financial Risk Management (continued)

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade creditors, other payables and lease liabilities.

Investment income

Investment income comprises interest. Interest income is recognised as it accrues, using the effective interest method.

(j) Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

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.

(k) 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.

(l) 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 2022

Note 19 – Significant Accounting Policies (continued)

(m) 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 19(d), the Association reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

Revenue recognition

To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Association has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Association has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contract, review of accompanying documentation (e.g. activity work plans) and holding discussions with relevant parties.

Income recognition from grants received by the Association has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

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.

Management Committee's Declaration
For the Year Ended 30 June 2022

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 22, 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 2022 and of its performance for the year ended on that date; and
 - (b) Comply with Australian Accounting Standards – Simplified Disclosures 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*.

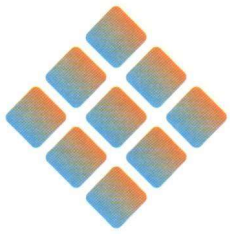


Naushee Rahman
Chair



Rakesh Raj
Treasurer

Dated this 13th day of October 2022
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 2022 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 2022 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures 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 (including Independence Standards)* (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

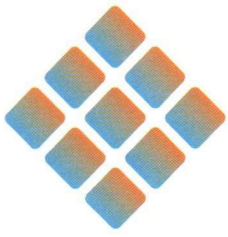
This auditor's report relates to the financial report of South West Sydney Legal Centre Incorporated for the year ended 30 June 2022 included on the South West Sydney Legal Centre Incorporated website. The registered entity's Management Committee are responsible for the integrity of South West Sydney 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 2022, 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 – Simplified Disclosures, 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

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 13th day of October 2022
Sydney, NSW