

**Ballarat & Grampians Community Legal Service Inc.**

**Financial Statements**

**For the Year Ended 30 June 2020**

**Ballarat & Grampians Community Legal Service Inc.**

**Contents**

**For the Year Ended 30 June 2020**

	Page
Statement of Comprehensive Income	1
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Committee Declaration	18
Auditors Independence Declaration	19
Independent Audit Report	20

**Ballarat & Grampians Community Legal Service Inc.**

**Statement of Comprehensive Income**  
**For the Year Ended 30 June 2020**

	2020	2019
Note	\$	\$
<b>CLSP</b>		
<b>Income</b>		
CLSP - Commonwealth	309,712	355,967
COVID government subsidies	50,000	-
CLSP - FVP	101,020	115,575
CLSP - State	218,800	248,220
Social & Community Services - Commonwealth	41,456	41,403
Social & Community Services - State	109,876	107,145
Interest income	538	3,839
Donations	100	70
Other income	33,252	13,896
	<u>864,754</u>	<u>886,115</u>
<b>Expenses</b>		
Audit and accounting fees	21,937	6,302
Communications	7,832	9,267
Depreciation expense	66,203	12,341
Insurance	7,833	1,838
Interest expense on lease liability	64,743	-
Library and subscriptions	21,307	9,286
Minor equipment	904	1,857
On costs	5,722	10,887
Other expenses	17,252	11,929
Other premises costs	23,205	24,124
Overheads	15,006	94,184
Recruitment costs	475	-
Rent	150	102,431
Repairs and maintenance	1,527	8,731
Salaries	618,714	536,177
Staff training	2,985	8,411
Superannuation	61,919	42,100
Travel	4,600	6,250
	<u>942,314</u>	<u>886,115</u>
<b>Net Deficit - CLSP</b>	<u>(77,560)</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Ballarat & Grampians Community Legal Service Inc.**

**Statement of Comprehensive Income**  
**For the Year Ended 30 June 2020**

	2020	2019
Note	\$	\$
<b>Other Projects</b>		
<b>Income</b>		
Project funds received	256,894	189,846
COVID government subsidies	146,500	-
	<u>403,394</u>	<u>189,846</u>
<b>Expenses</b>		
Salaries	194,187	194,054
Other project expenses	35,430	34,236
	<u>229,617</u>	<u>228,290</u>
	<u>173,777</u>	<u>(38,444)</u>
<b>Surplus (deficit) before income tax</b>	<b>96,217</b>	<b>(38,444)</b>
Income tax expense	-	-
	<u>96,217</u>	<u>(38,444)</u>
<b>Surplus (deficit) for the year</b>	<b>96,217</b>	<b>(38,444)</b>
<b>Other comprehensive income, net of income tax</b>		
Other comprehensive income	-	-
	<u>96,217</u>	<u>(38,444)</u>
<b>Total comprehensive income for the year</b>	<b>96,217</b>	<b>(38,444)</b>

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

## Statement of Financial Position

30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	336,029	342,668
Trade and other receivables	5	187,709	53,792
Other assets	6	6,736	8,596
TOTAL CURRENT ASSETS		<u>530,474</u>	405,056
NON-CURRENT ASSETS			
Property, plant and equipment	7	40,004	38,562
Right-of-use assets	8	1,343,735	-
TOTAL NON-CURRENT ASSETS		<u>1,383,739</u>	38,562
TOTAL ASSETS		<u>1,914,213</u>	443,618
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	40,264	47,252
Lease liabilities	8	34,950	-
Employee benefits	10	115,370	60,439
Income in advance	11	-	262,543
TOTAL CURRENT LIABILITIES		<u>190,584</u>	370,234
NON-CURRENT LIABILITIES			
Lease liabilities	8	1,334,647	-
Employee benefits	10	14,582	15,646
TOTAL NON-CURRENT LIABILITIES		<u>1,349,229</u>	15,646
TOTAL LIABILITIES		<u>1,539,813</u>	385,880
NET ASSETS		<u>374,400</u>	57,738
<b>EQUITY</b>			
Retained earnings		<u>374,400</u>	57,738
TOTAL EQUITY		<u>374,400</u>	57,738

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

**Ballarat & Grampians Community Legal Service Inc.**

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

**2020**

	<b>Retained Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>	57,738	57,738
Surplus for the year	96,217	96,217
Adjustment to revenue as a result of adoption of AASB 15 and AASB 1058 at 1 July 2019	220,445	220,445
<b>Balance at 30 June 2020</b>	<b>374,400</b>	<b>374,400</b>

**2019**

	<b>Retained Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	96,182	96,182
Deficit for the year	(38,444)	(38,444)
<b>Balance at 30 June 2019</b>	<b>57,738</b>	<b>57,738</b>

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations. The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

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

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,091,595	897,082
Payments to suppliers and employees	(992,246)	(1,097,025)
Interest received	538	3,839
Interest paid	(64,743)	-
Net cash provided by/(used in) operating activities	14 <u>35,144</u>	<u>(196,104)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(8,580)</u>	<u>(35,747)</u>
Net cash used in investing activities	<u>(8,580)</u>	<u>(35,747)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of lease liabilities	<u>(33,203)</u>	-
Net cash used in financing activities	<u>(33,203)</u>	-
Net decrease in cash and cash equivalents held	(6,639)	(231,851)
Cash and cash equivalents at beginning of year	<u>342,668</u>	<u>574,519</u>
Cash and cash equivalents at end of financial year	4 <u><u>336,029</u></u>	<u><u>342,668</u></u>

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

The financial report covers Ballarat & Grampians Community Legal Service Inc. as an individual entity. Ballarat & Grampians Community Legal Service Inc. is a not-for-profit Association incorporated in Victoria under the Associations Incorporation Reform Act 2012 and registered as a charity under the Australian Charities and Not-for-profits Commission Act 2012.

### **1 Basis of Preparation**

In the Committee members opinion, the Association is not a reporting entity since there are no users dependent on general purpose financial statements. This special purpose financial report has been prepared to meet the reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the needs of members.

The financial statements have been prepared in accordance with all of the recognition and measurement requirements of Australian Accounting Standards and Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1048 Interpretation of Standards and AASB 1054 Australian Additional Disclosures.

### **2 Change in Accounting Policy**

#### **Revenue from Contracts with Customers - Adoption of AASB 15**

The Association has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Association has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Association's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Prior to 1 July 2019, when grant revenue is received and considered a reciprocal transaction, recognition of the grant revenue is deferred until the service has been delivered to the funding body. Following adoption of AASB 1058 and AASB 15, recognition of grant revenue is deferred only when the funding agreement is considered enforceable and contains sufficiently specific performance obligations.

Having reviewed the terms and conditions of grants received by the Association, management determined that grants that were previously considered reciprocal and recognised as an income in advance liability at 30 June 2019 were not arising from enforceable agreements that contain sufficiently specific performance obligations under AASB 15. These carried forward income in advance balance has been reclassified to retained earnings, with the reclassification recorded in the Statement of Changes of Equity at 1 July 2019.

#### **Leases - Adoption of AASB 16**

The Association has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **2 Change in Accounting Policy**

##### **Leases - Adoption of AASB 16**

##### **Impact of adoption of AASB 16**

The impact of adopting AASB 16 is described below:

##### **Association as a lessee**

Under AASB 117, the Association assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Association or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Association has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

##### *Practical expedients used on transition*

AASB 16 includes a number of practical expedients which can be used on transition, the Association has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Association's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

The Association has recognised right-of-use assets and lease liabilities of the same amount at 1 July 2019 for leases previously classified as operating leases. Details of the right-of-use assets recognised are included in Note 8.

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

**3 Summary of Significant Accounting Policies**

**(a) Income Tax**

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(b) Revenue and other income**

*For comparative year:*

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

**Grant revenue**

Grant revenue is recognised in the statement of comprehensive income when the Association obtains control of the grant, 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.

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 statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

**Donations**

Donations and bequests are recognised as revenue when received.

**Revenue from contracts with customers**

*For current year*

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **3 Summary of Significant Accounting Policies**

##### **(b) Revenue and other income**

###### **Revenue from contracts with customers**

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

###### **Grant revenue**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. Where the agreement is not enforceable or does not contain sufficiently specific performance obligations, grant revenue is recognised on receipt in accordance with AASB 1058.

##### **(c) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

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

##### **(d) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 3 Summary of Significant Accounting Policies

#### (e) Property, plant and equipment

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

Items of plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Assets are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	10% - 25%
Leasehold improvements	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (f) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 3 Summary of Significant Accounting Policies

##### (g) Leases

###### *For comparative year*

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

###### *For current year:*

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 received.

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 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.

###### *Exceptions to lease accounting*

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (h) Comparative amounts

Comparatives are consistent with prior years, unless otherwise stated.

##### (i) Economic dependency

The Association is dependent on Victoria Legal Aid for the majority of its revenue used to operate the business. At the date of this report the Committee has no reason to believe that Victoria Legal Aid will not continue to support the Association over the next three years.

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

**4 Cash and Cash Equivalents**

	2020	2019
	\$	\$
Cash on hand	-	1,299
Bank balances	<b>336,029</b>	341,369
	<b>336,029</b>	<b>342,668</b>

**5 Trade and Other Receivables**

Trade receivables	<b>161,150</b>	3,478
GST receivable	<b>23,389</b>	8,216
Grants receivable	-	42,098
Other receivables	<b>3,170</b>	-
	<b>187,709</b>	<b>53,792</b>

**6 Other Assets**

Prepayments	<b>6,736</b>	8,596
-------------	--------------	-------

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

**7 Property, plant and equipment**

	2020	2019
	\$	\$
Furniture and equipment		
At cost	96,172	87,592
Accumulated depreciation	<u>(62,837)</u>	<u>(63,129)</u>
	<u>33,335</u>	24,463
Leasehold improvements		
At cost	24,687	24,687
Accumulated depreciation	<u>(18,018)</u>	<u>(10,588)</u>
	<u>6,669</u>	14,099
Total plant and equipment	<u><u>40,004</u></u>	<u><u>38,562</u></u>

**(a) Movements in carrying amounts of property, plant and equipment**

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

	Furniture and equipment	Leasehold improvements	Total
	\$	\$	\$
<b>Year ended 30 June 2020</b>			
Balance at the beginning of year	24,462	14,100	38,562
Additions	8,580	-	8,580
Depreciation expense	(3,616)	(1,900)	(5,516)
Depreciation adjustment	3,909	(5,531)	(1,622)
	<u>33,335</u>	<u>6,669</u>	<u>40,004</u>
<b>Balance at the end of the year</b>	<u><u>33,335</u></u>	<u><u>6,669</u></u>	<u><u>40,004</u></u>

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

**8 Leases**

The Association has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

**Association as a lessee**

The Association has leases over the building at 5 Chancery Lane and a photocopier.

**Right-of-use assets**

	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Total</b>
	\$	\$	\$
<b>Year ended 30 June 2020</b>			
Balance at beginning of year	-	-	-
Initial recognition on adoption of AASB 16	1,379,857	5,108	1,384,965
Revaluation due to rental increase	17,835	-	17,835
Depreciation charge	(57,262)	(1,803)	(59,065)
<b>Balance at end of year</b>	<b>1,340,430</b>	<b>3,305</b>	<b>1,343,735</b>

**Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>	<b>Total undiscounted lease liabilities</b>	<b>Lease liabilities included in this Statement Of Financial Position</b>
	\$	\$	\$	\$	\$
<b>2020</b>					
Lease liabilities	98,254	386,622	1,764,305	2,249,181	1,369,597

Lease liability balances included in the statement of financial position are shown in the table below:

	<b>2020</b>	<b>2019</b>
	\$	\$
Current lease liabilities	34,950	-
Non-current lease liabilities	1,334,647	-
	<b>1,369,597</b>	<b>-</b>



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

**9 Trade and Other Payables**

	2020	2019
	\$	\$
Trade payables	4,005	5,342
Accrued expenses and other payables	36,259	41,910
	<u>40,264</u>	<u>47,252</u>

**10 Employee Benefits**

***Current liabilities***

Annual leave	58,257	34,741
Long service leave	57,113	25,698
	<u>115,370</u>	<u>60,439</u>

***Non-current liabilities***

Long service leave	14,582	15,646
--------------------	--------	--------

**11 Income in advance**

CLSP funded programs	-	134,805
Grampians Health	-	100,000
Health Justice program	-	27,738
	<u>-</u>	<u>262,543</u>

The Association has reviewed the terms and conditions of all funding agreements as a result of adoption of the new revenue standards, AASB 15 and AASB 1058. Grants that were previously recognised as an income in advance liability at 30 June 2019 are not considered to be arising from enforceable agreements that contain sufficiently specific performance obligations and were therefore reclassified to retained earnings at 1 July 2019 using the cumulative effect transition method prescribed by the new revenue standards.

**12 Capital and Leasing Commitments**

**Operating Leases**

Minimum lease payments under non-cancellable operating leases:

- not later than one year	-	95,000
- between one year and five years	-	316,667
	<u>-</u>	<u>411,667</u>

The Association has adopted AASB 16 on 1 July 2019 and has recognised the above operating leases as lease liabilities from that date. The maturity analysis of lease liabilities based on the contractual undiscounted cash flows is included in Note 8.

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

**13 Contingencies**

**Contingent Liabilities**

Ballarat & Grampians Community Legal Service Inc. had the following contingent liabilities at the end of the reporting period:

Unexpended balance of CLSP funding from the Victoria Legal Aid amounted to \$33,066 at 30 June 2020. The balance is reserved for service delivery in the following financial year. (Unexpended balance at 30 June 2019 of \$110,626 was recognised as income in advance liability as detailed in Note 11.)

**14 Cash Flow Information**

**(a) Reconciliation of result for the year to cashflows from operating activities**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Surplus/(deficit) for the year	<b>96,217</b>	(38,444)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in result:		
- depreciation	<b>66,203</b>	12,593
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	<b>(176,015)</b>	(51,703)
- (increase)/decrease in other assets	-	689
- (increase)/decrease in prepayments	<b>1,860</b>	(1,620)
- increase/(decrease) in income in advance	-	(124,026)
- increase/(decrease) in trade and other payables	<b>(6,988)</b>	8,323
- increase/(decrease) in provisions	<b>53,867</b>	(1,916)
Cashflow from operations	<b>35,144</b>	(196,104)

**15 Events after the end of the Reporting Period**

On 11 March 2020, the World Health Organisation (WHO) confirmed the Coronavirus Disease (COVID-19) to be a pandemic. Following the confirmation from the WHO that COVID-19 was considered a pandemic, the Australian Federal Government and Victorian State Government have enforced bans for all non-essential travel and multiple stages of community lockdown. Further, following a second COVID-19 outbreak in the state of Victoria, the Victorian State Government introduced a further community lockdown period for Metropolitan Melbourne on 8 July 2020, with a further lockdown period for regional Victoria commencing on 5 August 2020.

The financial market reactions and community lockdowns are expected to have significant economic and social consequences, which are likely to significantly impact the operations and future financial results of the Association. At the date of this report, the Association is of the opinion that there is no effect on the financial position or financial performance of the Association as reported in these financial statements for the year ended 30 June 2020.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

**Ballarat & Grampians Community Legal Service Inc.**

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

**16 Association Details**

The registered office of the Association is:  
Ballarat & Grampians Legal Service Inc.  
5 Chancery Lane  
BALLARAT VIC 3350

**Ballarat & Grampians Community Legal Service Inc.**

**Committee Declaration**

The committee declares that in their opinion:

- there are reasonable grounds to believe that the Association is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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



Chairperson .....  
Scott Sherritt



Committee Member .....  
Stephanie Carter

27 October 2020

**Ballarat & Grampians Community Legal Service Inc.**

**Auditors Independence Declaration under Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 to the Committee of the Ballarat & Grampians Community Legal Service Inc.**

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

- (i) no contraventions of the auditor independence requirements as set out in Division 60 of the *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.

*PPT Audit Pty Ltd*

.....  
PPT Audit Pty Ltd



.....  
Jason D. Hargreaves  
Director

20 Lydiard Street South, Ballarat

26 October 2020

**Ballarat & Grampians Community Legal Service Inc.****Independent Audit Report to the members of Ballarat & Grampians Community Legal Service Inc.****Opinion**

We have audited the accompanying financial report, being a special purpose financial report of Ballarat & Grampians Community Legal Service Inc. (the Association), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission 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 Association in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the committee members of the Association, would be in the same terms if given to the committee members as at the time of this auditors report.

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

**Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Association to meet the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of Management and the Committee**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines 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, management is responsible for assessing the Association'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 Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Committee is responsible for overseeing the Association's financial reporting process.

**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.

## **Ballarat & Grampians Community Legal Service Inc.**

### **Independent Audit Report to the members of Ballarat & Grampians Community Legal Service Inc.**

As part of an audit in accordance with the 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management'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 Association'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 Association 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 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.

We also provide the Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*PPT Audit Pty Ltd*  
PPT Audit Pty Ltd



Jason D. Hargreaves  
Director

20 Lydiard Street South, Ballarat VIC 3350

28 October 2020