

# FINANCIAL REPORT

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FOR THE YEAR ENDED 30 JUNE 2013



PUBLIC INTEREST LAW CLEARING HOUSE (VIC) INC

ABN 54 206 789 276

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## Board Members Report

Your board members submit the financial statement of the association for the financial year ended 30 June 2013.

### Board Members

The names of board members throughout the year and at the date of this report are:

Mitzi Gilligan: Chair  
Carmel Mulhern  
Geoffrey Rush  
Gordon Renouf: Deputy Chair (consented to act 1 July 2013)  
Alexandra Rose (consented to act 1 July 2013)  
Nicky Friedman (consented to act 1 July 2013)  
Richard Wilson (consented to act 1 July 2013)  
Amanda Jones (resigned 30 June 2013)  
Celia Tikoten (resigned 30 June 2013)  
David Hillard (resigned 30 June 2013)  
David Krasnostein (resigned 30 June 2013)  
Gary Cazalet (resigned 30 June 2013)  
Jo Renkin (resigned 30 June 2013)  
Malcolm Cooke (resigned 30 June 2013)  
Stephen Sawyer (resigned 30 June 2013)  
Sally Nicholes (alternative for Stephen Sawyer)  
Stuart Webb (resigned 30 June 2013)  
Ted Hill (resigned 30 June 2013)  
Will Alstergren (resigned 30 June 2013)  
Tom Danos (alternative for Will Alstergren)  
Will Irving (retired 15 November 2012)

### Principal Activities

The principal activities of the association during the financial year were to procure the provision of pro bono legal services to marginalised and disadvantaged individuals, groups and communities.

### Significant Changes

No significant changes in the nature of these activities occurred during the year.

### Operating results

The surplus for the financial year amounted to \$106,570.

### Events Subsequent to the Reporting Period

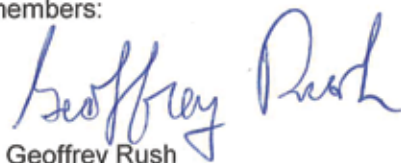
Subsequent to the year ended 30 June 2013, as per a memorandum of understanding, Public Interest Law Clearing House (Vic) Inc will be assuming the assets and liabilities of Public Interest Law Clearing House Inc (NSW), including the employee entitlements of transferring employees.

The Public Interest Law Clearing House (Vic) Inc will convert its registration to a company limited by guarantee registered under the Corporations Act 2001 (Cth), in accordance with section 31AA of the Associations Incorporation Act 1981 (Vic).

Signed in accordance with a resolution of the board members:



Mitzi Gilligan  
Chair - Public Interest Law Clearing House



Geoffrey Rush  
Director - Public Interest Law Clearing House

Signed in Melbourne, this 7<sup>th</sup> day of October 2013.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenue	13	3,449,443	3,219,752
<b>Expenses</b>			
Employee benefits expense		(2,497,792)	(2,314,940)
Occupancy expenses		(200,990)	(180,502)
Administrative expenses		(588,518)	(451,779)
Depreciation expenses		(55,573)	(49,976)
Total expenses	13	(3,342,873)	(2,997,197)
<b>Surplus for the year</b>		<b>106,570</b>	<b>222,555</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>106,570</b>	<b>222,555</b>
Retained surplus at the beginning of the financial year		1,040,655	818,100
Retained surplus at the end of the financial year		1,147,225	1,040,655

The accompanying notes form part of the financial statements

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>Current assets</b>			
Cash and cash equivalents	2	2,212,698	1,514,044
Trade and other receivables	3	674,345	153,245
Financial assets	4	127,275	-
<b>Total current assets</b>		<b>3,014,318</b>	<b>1,667,289</b>
<b>Non current assets</b>			
Financial assets	4	-	119,487
Plant and equipment	5	180,786	128,006
<b>Total non current assets</b>		<b>180,786</b>	<b>247,493</b>
<b>TOTAL ASSETS</b>		<b>3,195,104</b>	<b>1,914,782</b>
<b>Current liabilities</b>			
Trade and other payables	6	220,469	116,481
Income received in advance	7	1,480,783	506,725
Provisions	8	271,914	215,936
<b>Total current liabilities</b>		<b>1,973,166</b>	<b>839,142</b>
<b>Non current liabilities</b>			
Provisions	8	74,713	34,985
<b>Total non current liabilities</b>		<b>74,713</b>	<b>34,985</b>
<b>TOTAL LIABILITIES</b>		<b>2,047,879</b>	<b>874,127</b>
<b>NET ASSETS</b>		<b>1,147,225</b>	<b>1,040,655</b>
<b>Funds</b>			
Retained surplus		1,147,225	1,040,655
<b>TOTAL FUNDS</b>		<b>1,147,225</b>	<b>1,040,655</b>

The accompanying notes form part of the financial statements

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Receipts from membership & donations		408,870	450,479
Receipts from grants & funding contributions		2,919,984	1,831,949
Receipts from other sources		477,693	819,579
Payments to suppliers and employees		(3,083,525)	(3,129,071)
Interest received		91,773	80,661
<b>Net cash provided by operating activities</b>	<b>9</b>	<b>814,795</b>	<b>53,597</b>
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(108,353)	(96,667)
Payment for financial assets		(7,788)	(7,292)
<b>Net cash used in investing activities</b>		<b>(116,141)</b>	<b>(103,959)</b>
<b>Net increase / (decrease) in cash held</b>		<b>698,654</b>	<b>(50,362)</b>
Cash at the beginning of financial year		1,514,044	1,564,406
<b>Cash at the end of financial year</b>	<b>2</b>	<b>2,212,698</b>	<b>1,514,044</b>

The accompanying notes form part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### 1 Summary of Significant Accounting Policies

This financial statement is a special purpose financial statement that has been prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 (VIC). The Board has determined that the Association is not a reporting entity.

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

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

#### (a) Income Tax

No provision for income tax has been raised, or expense incurred, as the Association is exempt from income tax.

#### (b) Plant and Equipment

Each class of plant & equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. The carrying amount is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amounts of all fixed assets are depreciated over the useful lives of the assets to the Association commencing from the time the asset is held ready for use. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### (d) Employee Entitlements

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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

#### (e) Provisions

Provisions are recognised when the entity 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.

#### (f) Leases

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

#### (g) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### 1 Summary of Significant Accounting Policies (cont'd)

#### (h) 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).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### (i) Grants – Deferred Revenue

Grants are treated as unexpended grants in the statement of financial position where there are conditions attached to the grant revenue relating to the use of these grants for specific purposes. It is recognised in the statement of financial position as a liability until such conditions are met or services provided. Once the conditions are met and the services provided, the amount is included as revenue in the statement of comprehensive income.

#### (j) Critical Accounting Estimates and Judgements

The board members 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 based on current trends and economic data, obtained both externally and within the association.

### Key estimates

#### (i) Impairment

The association assesses impairment at each reporting date by evaluating conditions specific to the association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 30 June 2013.

#### (ii) Provision for make good of lease premises

A provision of \$14,907 (2012: \$11,706) has been recognised to make good the premises under the lease. The lease expires on 31 October 2013.

#### (k) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with figures presented for the current financial year.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
<b>2 Cash and Cash Equivalents</b>		
Cash on hand	1,000	1,000
Cash at bank	2,211,698	1,513,044
Total cash and cash equivalents	2,212,698	1,514,044
<b>3 Trade and Other Receivables</b>		
Trade receivables	123,456	116,055
Membership renewals receivable	539,045	-
Accrued income	1,462	22,727
Other receivables	2,580	4,652
Prepayments and deposits	7,802	9,811
Total trade and other receivables	674,345	153,245
<b>4 Financial Assets</b>		
Current Term deposit	127,275	-
Non-current Term deposit	-	119,487
<b>5 Plant and Equipment</b>		
Office fixtures and furniture - at cost	110,269	110,269
Less accumulated depreciation	(91,905)	(71,748)
Total office fixtures and furniture	18,364	38,521
Computer equipment - at cost	132,607	60,589
Less accumulated depreciation	(43,028)	(24,339)
Total computer equipment	89,579	36,250
Software - PIMS and CRM - at cost	101,442	65,107
Less accumulated amortisation	(28,599)	53,235
Total software	72,843	53,235
Total plant and equipment	180,786	128,006
<b>6 Trade and Other Payables</b>		
Trade payables	6,122	1,240
Other payables and accruals	214,347	115,241
Total trade and other payables	220,469	116,481
<b>7 Income Received in Advance</b>		
Grants received in advance	936,742	486,741
Rent free period benefit	4,996	19,984
Membership renewals billed in advance	539,045	-
Total income received in advance	1,480,783	506,725

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
<b>8 Provisions</b>		
<b>Current</b>		
Employee benefits	271,914	215,936
<b>Non-current</b>		
Employee benefits	59,806	23,279
Provision for make good of lease premises	14,907	11,706
Total non-current provisions	74,713	34,985
<b>9 Cash Flow Information</b>		
<b>Reconciliation of Cash Flow from Operations with Operating Surplus</b>		
Surplus for the year	106,570	222,555
Non cash flow items:		
Integration of other schemes	-	(149,369)
Loss on disposal of plant and equipment	-	3,534
Depreciation expenses	55,573	49,976
Changes in assets and liabilities:		
(Increase)/ decrease in trade and other receivables	(521,100)	(29,584)
Increase/(decrease) in trade and other payables	103,593	(30,829)
Increase/(decrease) in grants and other benefits received in advance	974,058	(83,850)
Increase/(decrease) in provisions	95,706	71,164
Cash flows from operating activities	814,795	53,597
<b>10 Commitments</b>		
(a) Capital commitments as at 30 June 2013 amounted to \$Nil (2012: \$Nil)		
(b) Operating Lease Commitments		
Non cancellable operating leases contracted for but not capitalised in the financial statements are as follows:		
Payable minimum lease payments		
- not later than 12 months	70,133	207,702
- between 12 months and 5 years	-	70,133
Total operating lease commitments	70,133	277,835

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance.

The association entered into a bank guarantee with the Commonwealth Bank for \$58,379 (2012: \$58,379) in respect of the property lease. The guarantee by the bank is secured by a charge over the financial assets (term deposit) of \$127,275 disclosed in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2013

#### 11 Related Party Transactions

(a) Services to related entity - Human Rights Law Centre Ltd (HRLC)

The association provides office space and other services to HRLC and is reimbursed for the cost of providing office space and other services.

(b) Accounts receivable from/ payable to related entity

Trade receivables of \$658,156 (2012: \$116,055) includes a receivable of \$Nil (2012: \$5,623) from HRLC.

Trade payables of \$6,122 (2012: \$1,240) includes a payable of \$Nil (2012: \$Nil) to HRLC.

#### 12 Events Subsequent to the Reporting Period

Subsequent to the year ended 30 June 2013, as per a memorandum of understanding, the Public Interest Law Clearing House (Vic) Inc will be assuming the assets and liabilities of Public Interest Law Clearing House Inc (NSW), including the employee entitlements of transferring employees.

The Public Interest Law Clearing House (Vic) Inc will convert its registration to a company limited by guarantee registered under the Corporations Act 2001 (Cth), in accordance with section 31AA of the Associations Incorporation Act 1981 (Vic).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

### 13 Statement of Financial Operations

	<b>SRLC</b>	<b>Members</b>	<b>PILCH</b>	<b>HPLC</b>	<b>LIVLAS</b>	<b>VBPBS</b>	<b>Connect</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>									
Grants	120,720	9,478	198,478	655,842	372,120	412,000	795,219	2,563,857	2,329,424
Memberships	22,702	191,533	82,244	77,611	-	-	10,000	384,090	395,195
Other income	2,709	2,805	353,624	5,426	596	4,098	132,238	501,496	495,133
<b>Total Income</b>	<b>146,131</b>	<b>203,816</b>	<b>634,346</b>	<b>738,879</b>	<b>372,716</b>	<b>416,098</b>	<b>937,457</b>	<b>3,449,443</b>	<b>3,219,752</b>
<b>Expenditure</b>									
Salaries and on-costs	141,364	163,870	224,403	548,373	306,901	339,687	773,194	2,497,792	2,314,940
Occupancy	6,231	19,295	55,473	34,972	20,300	24,722	39,997	200,990	180,502
General office and other expenses	16,055	20,991	392,607	70,387	26,587	28,051	89,413	644,091	501,755
<b>Total Expenditure</b>	<b>163,650</b>	<b>204,156</b>	<b>672,483</b>	<b>653,732</b>	<b>353,788</b>	<b>392,460</b>	<b>902,604</b>	<b>3,342,873</b>	<b>2,997,197</b>
<b>Profit for the year</b>	<b>(17,519)</b>	<b>(340)</b>	<b>(38,137)</b>	<b>85,147</b>	<b>18,928</b>	<b>23,638</b>	<b>34,853</b>	<b>106,570</b>	<b>222,555</b>
Accumulated Funds at									
Beginning of Financial Year	(8,088)	341	898,344	(16,604)	(13,501)	(1)	180,164	1,040,655	967,469
Transfers during year	-	-	-	-	-	-	-	-	(149,369)
<b>Accumulated Funds at</b>									
<b>End of Financial Year</b>	<b>(25,607)</b>	<b>1</b>	<b>860,207</b>	<b>68,543</b>	<b>5,427</b>	<b>23,637</b>	<b>215,017</b>	<b>1,147,225</b>	<b>1,040,655</b>

### 14 Association Details

The registered office and principal place of business of the Association is:  
 Public Interest Law Clearing House  
 Level 17, 461 Bourke Street  
 Melbourne VIC 3000

## STATEMENT BY THE BOARD MEMBERS

In accordance with a resolution of the board members of Public Interest Law Clearing House, the members declare that:

- the financial statements as set out on pages 2 to 9 present a true and fair view of the financial position of Public Interest Law Clearing House (Victoria) Inc. as at 30 June 2013 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the Associations Incorporation Reform Act 2012 (VIC); and
- at the date of this statement, there are reasonable grounds to believe that Public Interest Law Clearing House will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the board members:



Mitzi Gilligan  
Chair - Public Interest Law Clearing House



Geoffrey Rush  
Director - Public Interest Law Clearing House

Signed in Melbourne, this 7<sup>th</sup> day of October 2013

### **Independent Auditor's Report to the Members of Public Interest Law Clearing House (Victoria) Inc.**

We have audited the accompanying financial report, being a special purpose financial report, of Public Interest Law Clearing House (Victoria) Inc. (the association), which comprises the statement of financial position as at 30 June 2013 and the statement of profit or loss and other comprehensive income and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the board.

#### **Board Members Responsibility for the Financial Report**

The board members of Public Interest Law Clearing House (Victoria) Inc. are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of Associations Incorporation Reform Act 2012 (VIC) and the needs of the members. The board members responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

#### **Independence**

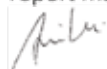
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

#### **Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of Public Interest Law Clearing House (Victoria) Inc. as at 30 June 2013 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the requirements of the Associations Incorporation Reform Act 2012 (VIC).

#### **Basis of Accounting and Restriction on Distribution**

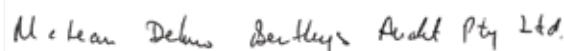
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Public Interest Law Clearing House (Victoria) Inc. to meet the requirements of the Associations Incorporation Reform Act 2012 (VIC). As a result, the financial report may not be suitable for another purpose.



Sally Ding

Registered Company Auditor

Signed in Hawthorn, this 7th day of October 2013.



McLean Delmo Bentleys Audit Pty Ltd



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