

Arts Law Centre of Australia

ABN 71 002 706 256

Financial Report

For the Year Ended 31 December 2017



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For the Year Ended 31 December 2017

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Directors' Report

31 December 2017

The directors present their report on Arts Law Centre of Australia for the financial year ended 31 December 2017.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

The Hon. Justice Margaret Beazley AO

Qualifications

Experience

President

LLB (Hons), LL.D, University of Sydney

Admitted to the New South Wales Bar 1975; Queens Counsel 1989; Judge of the Federal Court of Australia 1993; first woman appointed to New South Wales Court of Appeal 1996 -currently its President; Officer in the Order of Australia. President of Arts Law since 2011.

Special responsibilities

Member of Risk & Governance Committee

Andrew Wiseman

Qualifications

Experience

Appointed as Vice President on 28 Feb 2016. He was a previous director.

LLB (Hons), LLM

Intellectual property and technology lawyer with over 25 years' experience. He has built his reputation through his work for high-profile international and domestic clients across many industries on copyright, piracy, licensing, marketing, confidentiality, trade mark and is one of Australia's leading music industry lawyers; partner of Allens-Linklaters since 1995.

Special responsibilities

Member of Communications & Marketing Committee

Navid Bahadori

Qualifications

Experience

Treasurer

LLB LLM Bachelor of Commerce (Accounting), Chartered Tax Adviser

Executive Producer & Managing Director at Broken Yellow, a film production and creative services company; legal practitioner & accountant; masters in commercial & taxation law; formerly Tax Manager at Deloitte Australia and Regional Taxation Manager at ResMed Australia; extensive commercial & accounting experience.

Special responsibilities

Member of Finance Committee

Michelle Gibbings

Qualifications

Experience

B. Business - Communications; B. Commerce

Transformation and change expert; Experience includes: strategy, compliance, governance and risk, change and program management; Held senior leadership positions at NAB and AMP; Degrees in Communications and Commerce; Masters in International Trade; Certified Compliance Professional from the Governance Risk and Compliance Institute; graduate of the Australian Institute of Company Directors.

Special responsibilities

Member of Risk & Governance Committee

Directors' Report

31 December 2017

Information on directors (continued)

Debra Camden

Qualifications

Experience

Appointed 18 April 2016

B. Business (Comm); Master of Business Administration

More than 35 years' experience in media and communication, specialising in strategic communication planning and stakeholder engagement. The founder of a boutique communication consultancy; Has been a Journalist with the Brisbane Telegraph; Managing Director of Brisbane's tourism marketing authority; Director of Queensland Events Corporation

Special responsibilities

Member of Communications & Marketing Committee

Bronwyn Bancroft

Qualifications

Experience

Appointed 18 April 2016

Diploma of Visual Arts; Two Masters Degrees from the University of Sydney, one in Studio Practice and the other in Visual Art. She is currently a Doctoral candidate at the University of Sydney.

Bronwyn Bancroft is a proud Bundjalung Woman and Artist. Bronwyn has been exhibiting nationally and internationally for over 3 decades. Collections that have acquired her work include National Gallery of Australia, Macquarie University, Art Gallery of New South Wales, Art Gallery of Western Australia, International House, University of Sydney, Parliament House Art Collection, State Library of New South Wales, State Library of Victoria, Australian Museum and Artbank, as well as in overseas collections such as Newark Museum USA, Prime Minister of Turkey, The Kelton Foundation USA, Volkerkunde Museum, Germany and Westpac USA. Bronwyn holds positions in the following organisations, Arts Law, Australian Indigenous Mentoring Experience (AIME), Commonwealth Bank RAP Committee and her own company, Designer Aboriginals Pty Ltd established 1985 (Director).

Special responsibilities

Member of Communications & Marketing Committee

Dr Andrew Lu OA

Qualifications

Experience

Appointed 6 December 2016

LLB from the University of Western Australia, LLM from the University of New England, and SJD from the Australian National University. He is a Fellow of ANZIIIF and a Chartered Tax Adviser.

Is a solicitor specialising in general insurance, health care liability, and medical defence. Former partner of Jarman McKenna, he represents health facilities, health practitioners, and government. He advises on clinical governance and the prevention of risk, and assists insurers and claims agencies to manage complex liability claims, product liability claims, and catastrophic injury cases. He is an experienced trial and appellate advocate, and also appears at inquests and inquiries.

Dr Lu is a director of the National Gallery of Australia Foundation and Life Governor of the NGA, Founder Benefactor of the NGV, Governor of the Art Gallery of NSW Foundation, Patron of Artsource, and a Fulbright Ambassador. Formerly Deputy Chairman of the Canberra Symphony Orchestra, he was awarded an Order of Australia medal in 2008.

Special responsibilities

Member of Risk & Governance Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Report

31 December 2017

Principal activities

The principal activity of Arts Law Centre of Australia during the financial year was the provision of legal services to artists and arts organisations.

No significant changes in the nature of the Company's activity occurred during the financial year.

Mission, Vision and Values

Mission

Empower artists and creative communities through the law.

Vision

Arts Law Centre of Australia aspires to be widely recognised as the trusted source of advice for artists and creative communities and as the preeminent authority on artist's rights and arts law in Australia.

Organisational Values

In delivering our vision, Arts Law Centre of Australia is guided by the values of excellence, accessibility, empowerment of artists, integrity, collaboration and innovation.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Legal advice
- Professional development, education and legal resources
- Referrals to legal professionals
- Advocacy on law and policy issues for artists
- Legal services and resources to Indigenous communities and artists

Performance measures

The following measures are used within the Company to monitor performance:

- Number of telephone advices provided
- Number of document review services provided
- Number of subscribers to our service
- Number of educational seminars and workshops provided and attendances at each
- Number of publications produced and available for sale or distribution
- Number of Aboriginal and Torres Strait Islander clients assisted

Members guarantee

Arts Law Centre of Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$100 for members, subject to the provisions of the company's constitution.

At 31 December 2017, the collective liability of members was \$700 (2016: \$700)

Directors' Report

31 December 2017

Meetings of directors

During the financial year, 5 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
The Hon. Justice Margaret Beazley AO	5	5
Andrew Wiseman	5	5
Navid Bahadori	5	4
Michelle Gibbings	5	5
Debra Camden	5	5
Bronwyn Bancroft	5	3
Dr Andrew Lu AO	5	5

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012, for the year ended 31 December 2017 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



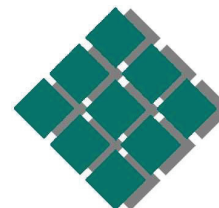
Director:
Navid Bahadori

Dated 5 April 2018.

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Auditors Independence Declaration under Section 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012 to the Directors of Arts Law Centre of Australia

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017, there have been:

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

W W VICK & CO
Chartered Accountants

Peter Vlahopol – Partner
Registered Company Auditor - No 4554
4th Floor, 379-383 Pitt Street
Sydney NSW 2000

Sydney 5 April 2018

Fayworth House, Suite 403, 4th Floor, 379-383 Pitt Street, Sydney, NSW 2000
PO Box 20037, World Square, NSW 2002
Phone: 02 9266 0881 Fax: 02 9266 0886



Liability limited by
scheme approved
under Professional
Standards
Legislation

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	3	1,146,082	1,005,370
Other income	3	182,356	166,547
Employee benefits expense		(908,158)	(807,767)
Depreciation and amortisation expense		(18,066)	(17,500)
Finance cost		(3,813)	(3,761)
Other expenses	4	(270,063)	(267,727)
Surplus/(Deficit) before income tax		128,338	75,162
Income tax expense	1(b)	-	-
Total comprehensive income/(loss) for the year		128,338	75,162

The accompanying notes forms part of these financial statements

Statement of Financial Position

31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,066,908	699,611
Trade and other receivables	6	4,405	11,770
Other assets	7	4,394	2,837
TOTAL CURRENT ASSETS		1,075,707	714,217
NON-CURRENT ASSETS			
Property, plant and equipment	8	18,708	12,160
Intangible assets	9	20,740	31,678
TOTAL NON-CURRENT ASSETS		39,448	43,838
TOTAL ASSETS		1,115,155	758,055
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	75,856	74,216
Other liabilities	11	444,396	203,668
Employee benefits	12	136,305	147,643
TOTAL CURRENT LIABILITIES		656,557	425,528
NON-CURRENT LIABILITIES			
Employee benefits	12	4,924	7,191
TOTAL NON-CURRENT LIABILITIES		4,924	7,191
TOTAL LIABILITIES		661,481	432,719
NET ASSETS		453,674	325,336
EQUITY			
Retained earnings		453,674	325,336
TOTAL EQUITY		453,674	325,336

The accompanying notes forms part of these financial statements

Statement of Changes in Equity For the Year Ended 31 December 2017

2017	Retained Earnings \$	Total \$
Balance at 1 January 2017	325,336	325,336
Surplus and total comprehensive income for the year	128,338	128,338
Balance at 31 December 2017	453,674	453,674

2016	Retained Earnings \$	Total \$
Balance at 1 January 2016	250,174	250,174
Surplus and total comprehensive income for the year	75,162	75,162
Balance at 31 December 2016	325,336	325,336

The accompanying notes forms part of these financial statements

Statement of Cash Flows
For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers and grants		1,676,750	1,355,430
Payments to suppliers and employees		(1,305,273)	(1,120,179)
Interest received		13,309	11,656
Finance cost		(3,813)	(3,761)
Net cash generated from operating activities		380,974	243,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(13,677)	(7,360)
Net cash used in investing activities		(13,677)	(7,360)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash generated by/ (used in) financing activities		-	-
Net increase/ (decrease) in cash held		367,297	235,786
Cash and cash equivalents at beginning of financial year		699,611	463,825
Cash and cash equivalents at end of financial year	5	1,066,908	699,611

The accompanying notes forms part of these financial statements

Notes to the Financial Statements

For the Year Ended 31 December 2017

The financial report covers Arts Law Centre of Australia as an individual entity. Arts Law Centre of Australia is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Arts Law Centre of Australia is Australian dollars.

The financial report was authorised for issue by the Board of Directors on 5 April 2018.

1 Basis of Preparation

Arts Law Centre of Australia applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not for Profits Commission Act 2012.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Revenue, other income and other liabilities

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 Company and specific criteria for each of the activities noted below have been met.

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

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

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

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

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Notes to the Financial Statements

For the Year Ended 31 December 2017

Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Donations

Donations and bequests are recognised as revenue when received.

Royalties

Royalties are recognised as revenue when the amount received from the agency collects the royalties.

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

Revenue from the provision of subscriptions is recognised on a straight-line basis over the financial year.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

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

(c) Leases

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.

(d) 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 payable 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.

Notes to the Financial Statements

For the Year Ended 31 December 2017

Summary of Significant Accounting Policies (continued)

(e) **Intangibles**

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 7.5 to 10 years.

Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of five years. It is assessed annually for impairment.

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

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, 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:

Fixed asset class	Depreciation rate
Plant and equipment	10 % - 40 %

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.

(g) **Financial instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2017

Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(q)), amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Notes to the Financial Statements

For the Year Ended 31 December 2017

Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) 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 insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Employee benefits

Short-term employee benefits

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

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

Notes to the Financial Statements For the Year Ended 31 December 2017

Summary of Significant Accounting Policies (continued)

(j) Employee benefits (continued)

Other long-term employee benefits

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

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

(k) Comparative figures

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

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) 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 company 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 company policy that requires annual leave to be used within 18 months), the directors 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.

Notes to the Financial Statements

For the Year Ended 31 December 2017

Summary of Significant Accounting Policies (continued)

2 Economic Dependence

Arts Law Centre of Australia is dependent on government grant funding for the majority of its revenue used to operate the business. At the date of this report, the directors have no reason to believe the government grant funding will not continue to support Arts Law Centre of Australia. Whilst some Federal and State grants are multi-year, others are on an annual basis only.

3 Revenue and Other Income

	Note	2017 \$	2016 \$
Revenue			
Grant Revenue	(a)	859,372	771,013
Subscription income		93,550	88,512
Fundraising income		154,319	104,365
Donations		25,530	29,824
		1,132,771	993,714
Other revenue			
Other interest received		13,311	11,656
		13,311	11,656
Total Revenue		1,146,082	1,005,370
Other Income			
Royalties		1,097	911
Recoveries		16,540	17,502
Sales of publications		63,549	57,377
Speaker fees received		74,795	61,166
Service Fee (IAC)		20,000	20,000
Other income		6,375	9,591
Total Other Income		182,356	166,547
Total Revenue and Other Income		1,328,438	1,171,917

Notes to the Financial Statements
For the Year Ended 31 December 2017

(a) **Grant revenue**

	2017 \$	2016 \$
Grant revenue received from:		
Australia Council for the Arts	244,320	244,320
Attorney-Generals Department	138,202	120,000
Department of Communications and the Arts	86,690	55,000
Create NSW	125,250	125,250
Creative Victoria	60,000	50,000
Arts Queensland	50,000	45,000
Department of Arts and Museums NT	25,000	25,000
Department of Local Government, Sport and Cultural Industries – Culture & Arts WA	55,260	52,500
ACT Economic Development – Arts ACT	15,000	11,000
Arts Tasmania	7,000	7,000
Arts South Australia	20,000	9,443
Film Victoria	5,000	5,000
Phonographic Performance Co of Australia	15,000	15,000
Copyright Agency Limited	2,650	2,500
Myer Foundation	5,000	-
Law and Justice Foundation of NSW	5,000	-
Solicitors Trust Guarantee Fund - Tasmania	-	4,000
Total grant revenue	859,372	771,013

4 Result for the Year

Other expenses

Travel and accommodation	71,189	56,423
Repairs and maintenance	21,539	26,002
Rent	17,113	15,873
Fundraising	49,612	52,777
Communication	10,175	11,024
Consultancy	1,200	3,736
Film Production Expenses	14,689	6,123
Insurance	8,219	8,793
Audit Fees	9,790	9,000
Printing & Stationery	6,961	6,788
Subscriptions - trade associations	7,521	7,678
Library costs	8,038	7,227
Website Development	1,636	6,071
Cleaning	4,798	5,234
Annual report cost	4,049	2,181
Others	33,536	42,795
	270,064	267,727

Notes to the Financial Statements
For the Year Ended 31 December 2017

	2017	2016
	\$	\$
5 Cash and cash equivalents		
Short-term bank deposits	822,327	539,111
Cash at bank	244,576	160,496
Cash on hand	5	4
	1,066,908	699,611
6 Trade and other receivables		
CURRENT		
Trade receivables	3,853	11,215
Accrued revenue	552	555
Total current trade and other receivables	4,405	11,770
7 Other assets		
CURRENT		
Prepayments and deposits	4,394	2,837
8 Property, plant and equipment		
Plant and equipment		
At cost	96,292	98,014
Accumulated depreciation	(77,584)	(85,854)
Total plant and equipment	18,708	12,160
Leasehold Improvements		
At cost	21,390	21,390
Accumulated amortisation	(21,390)	(21,390)
Total leasehold Improvements	-	-
Total property, plant and equipment	18,708	12,160

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements For the Year Ended 31 December 2017

8 Property, plant and equipment (continued)

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:

2017	Plant and Equipment \$	Total \$
Balance at the beginning of the year	12,160	12,160
Additions at cost	13,677	13,677
Depreciation expense	(7,129)	(7,129)
Carrying amount at the end of the year	<u>18,708</u>	<u>18,708</u>

9 Intangible Assets

	2017 \$	2016 \$
Patents, trademarks and other rights		
Cost	7,470	7,470
Accumulated amortisation and impairment	(5,970)	(4,652)
Net carrying value	1,500	2,818
Website development		
Cost	48,100	114,891
Accumulated amortisation and impairment	(28,860)	(86,031)
Net carrying value	19,240	28,860
Total Intangibles	20,740	31,678

2017	Patent, Trademark & Other Rights \$	Website Development \$	Total \$
Balance at the beginning of the year	2,818	28,860	31,678
Additions	-	-	-
Amortisation charge	(1,318)	(9,620)	(10,938)
	<u>1,500</u>	<u>19,240</u>	<u>20,740</u>

Notes to the Financial Statements For the Year Ended 31 December 2017

10 Trade and other payables

	2017	2016
	\$	\$
CURRENT		
Trade payables	6,031	20,260
Employee related accruals	17,746	14,878
Sundry payables and accrued expenses	27,758	24,132
Corporate credit card	985	-
GST payable	23,336	14,947
	75,856	74,216

11 Other liabilities

Unexpended Grants/Grants in Advance

Australia Council for the Arts	123,382	122,160
Attorney General's Department	131,798	-
Department of Communication and the Arts	71,310	30,000
Department of Tourism and Culture – Arts NT	25,000	-
Department of Local Government, Sport and Cultural Industries – Culture & Arts WA	14,700	-
Copyright Agency	-	2,500
Myer Foundation	-	5,000
Other Grants	-	3,000
Total unexpended grants	366,190	163,660

Unearned Income

Unearned subscription	43,626	39,190
Other unearned income		1,818
Other unearned service income	34,580	-
Total unearned income	78,206	41,008

Total other liabilities

444,396 203,668

12 Employee Benefits

Current liabilities		
Long service leave	56,000	58,823
Annual leave	80,305	88,820
	136,305	147,643
Non-current liabilities		
Long service leave	4,924	7,191
Total Employee Benefits	141,229	154,834

Notes to the Financial Statements For the Year Ended 31 December 2017

12 Employee Benefits (continued)

2017	Employee Benefits	Total
Analysis of total provisions		
Opening balance at 1 January 2017	154,834	154,834
Additional provisions raised during year	21,181	21,181
Amounts used	(34,786)	(34,786)
Balance at 31 December 2017	141,229	141,229

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

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

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

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

13 Leasing Commitments

Operating leases

	2017	2016
Minimum lease payments:	\$	\$
- not later than one year	14,706	7,775
- between one year and five years	26,856	-
	41,562	7,775

The office lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. A formal contract is in the process of being negotiated for the period August 2017 to July 2020.

In 19 March 2015, Arts Law Centre of Australia entered into equipment lease agreement with Fuji Xerox Australia with a minimum term of 60 months at a minimum rental charge of \$394 per month. Charges are based on colour and black volume and impression charge. Depending on the usage, the minimum monthly charge may vary.

Notes to the Financial Statements For the Year Ended 31 December 2017

14 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 100 each towards meeting any outstanding obligations of the Company. At 31 December 2017, the number of members were 7 (2016: 7).

15 Key Management Personnel Compensation

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

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2017	2016
	\$	\$
Key management personnel compensation	<u>349,281</u>	<u>372,012</u>

16 Contingencies and capital commitments

In the opinion of the Directors, the Company did not have any contingencies and capital commitments at 31 December 2017 (31 December 2016: None).

17 Other related party transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

During the year, \$26,734 (2016: \$26,110) was paid to Rose Ayres as salaries and wages. Rose Ayres is the daughter of Robyn Ayres (Chief Executive Officer).

In addition, \$85,300 (2016: \$41,412) was paid to Suzanne Derry as salaries and wages. Suzanne Derry is the spouse of Navid Bahadori (Treasurer and Member of Finance Committee).

Notes to the Financial Statements For the Year Ended 31 December 2017

18 Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017	2016
Financial assets		\$	\$
Cash and cash equivalents	5	1,066,908	699,611
Loans and receivables	6	4,405	11,770
Total financial assets		1,071,313	711,381
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	10	75,856	74,216
Total financial liabilities		75,856	74,216

Notes to the Financial Statements

For the Year Ended 31 December 2017

19 Fundraising Appeals Conducted During the Financial Year

The following disclosures for the current period are included to comply with the Charitable Fundraising Act (NSW) 1991. During the financial year, the Company raised funds through solicited corporate and general donations; gifts and the conduct of fundraising events and activities

Results from fundraising appeals

	2017	%	2016	%
	\$		\$	
Gross income from fundraising, donations and contributions	179,849		134,189	
Total cost of fundraising	49,612		52,777	
Net surplus from fundraising	130,237	72.4 %	81,412	60.7 %
Total income	1,328,438		1,171,917	
Total expenditure	1,200,100		1,096,755	
Payments to Arts Law Centre of Australia fundraising as a percentage of total income	3.73 %		4.50 %	
Payments to Arts Law Centre of Australia fundraising as a percentage of total expenditure	4.13 %		4.81 %	

Total direct payments fundraising events include payments to subcontractors who directly execute fundraising activities as well as payments for awards and prizes. The balance of expenditure incurred by the Company was applied to general operations which, while not directly allocated to a specific fundraising event, are applied to the furtherance of the Company's overall charitable objectives.

20 Events Occurring After the Reporting Date

The financial report was authorised for issue on 5 April 2018 by the Board of Directors. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 24, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. Pursuant to Schedule 1, Section 7(3) of the Charitable Fundraising Regulation 2015;
 - a. the income statement is drawn up as to give a true and fair view of income and expenditure of the Company for the year ended 31 December 2017 with respect to fundraising appeals;
 - b. the statement of financial position and statement of cash flows are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2017 with respect to fundraising appeals;
 - c. the provisions of the *Charitable Fundraising Act 1991* and the regulations under the Act and the conditions attached to the Company have been complied with for the year ended 31 December 2017; and
 - d. the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of the fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors.

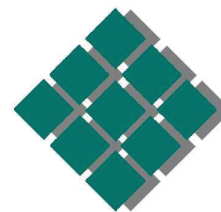


Director:
Navid Bahadori

Dated 5 April 2018.

W. W. Vick & Co.

Chartered Accountants
ABN 14 568 923 714



Independent Audit Report to the Members of Arts Law Centre of Australia

Qualified Opinion

We have audited the financial report of Arts Law Centre of Australia (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ending 31 December 2017, including notes comprising a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

It is not always practicable for the Company to establish accounting control over all form of donations prior to receipt of these funds and accordingly it is not possible for our examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the Company. In respect to the qualification above, based on our review of the internal controls, nothing has come to our attention, which would cause us to believe that the internal controls over income from fundraising and donations by the Company are not appropriate.

In our opinion, except for the effects, if any of the qualification set out above, the accompanying financial report gives a true and fair view of the Company's financial position as at 31 December 2017, and of its financial performance for the year then ended in accordance with:

- a) *Australian Accounting Standards- Reduced Disclosure Requirements;*
- b) *complying with Australian Accounting Standards to the extent described in note 1, Division 60 of the Australian Charities and Not for Profits Commission Act 2012, and the Australian Charities and Not for Profits Commission Regulations 2013.*

Basis for Qualified 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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012 (ACNC Act)*, *Australian Charities and Not for Profits Commission Regulations 2013* 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Directors' are responsible for the other information. The other information comprises the information included in the Company's annual financial report for the year ended 31 December 2017 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.

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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.

Responsibilities of Directors' for the Financial Report

Directors' are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012, Australian Charities and Not-for-Profit Commission Regulations 2013, and for such internal control as directors' determines is necessary to enable the preparation of the special purpose 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 directors are responsible for assessing the Company'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 directors' either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the company'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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We communicate with those charged with governance 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.

Additional Scope Pursuant to the Charitable Fundraising Act 1991

In addition, our audit report has been prepared for the members of the Company in accordance with Section 24(2) of the Charitable Fundraising Act (NSW) 1991. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fund raising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising Act (NSW) 1991 and Regulations. It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal period end financial adjustments for such matters as accrual, prepayments, provisioning and valuation necessary for period end financial statement preparation. The performance of our audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial statements. The review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems. The audit opinion expressed in this report pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations has been formed on the above basis.

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

**Report on Other Legal and Regulatory Requirements
Qualified Opinion pursuant to the Charitable Fundraising Act 1991**

In our opinion, except for the effects, if any of the qualification set out in the second paragraph above;

- a) The financial report of Arts Law Centre of Australia gives a true and fair view of the financial result of the fundraising appeal activities for the financial year ended 31 December 2017;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the period 1 January 2017 to 31 December 2017, in accordance with the *Charitable Fundraising Act 1991* and its Regulations;
- c) Money received as a result of the fundraising appeal activities conducted during the period from 1 January 2017 to 31 December 2017 has been properly accounted for applied in accordance with Charitable Fundraising Act 1991 and its Regulations; and
- d) There are reasonable grounds to believe that Arts Law Centre of Australia will be able to pay its debts as and when they fall due.

**W W VICK & CO
Chartered Accountants**

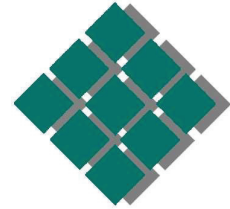


Peter Vlahopol – Partner
Registered Company Auditor- No 4554
4th Floor, 379-383 Pitt Street
Sydney NSW 2000

Date 5 April 2018.

W. W. Vick & Co.

Chartered Accountants
ABN 14 568 923 714



Disclaimer

For the Year Ended 31 December 2017

The additional financial data presented on pages 30 - 31 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2017. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Arts Law Centre of Australia) in respect of such data, including any errors of omissions therein however caused.

W W VICK & CO
Chartered Accountants

A handwritten signature in blue ink that reads "P. Vlahopol". The signature is fluid and cursive.

Peter Vlahopol – Partner
4th Floor, 379-383 Pitt Street
Sydney NSW 2000

Date 5 April 2018.

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