

Arts Law Centre of Australia

(a company limited by guarantee)

ABN 71 002 706 256

Financial Statements

For the Year Ended 31 December 2013



Arts Law Centre of Australia

ABN 71 002 706 256

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For the Year Ended 31 December 2013

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Directors' Report

31 December 2013

Your directors present their report on Arts Law Centre of Australia for the financial year ended 31 December 2013.

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

Special responsibilities

LLB: Hon LLD University of Sydney

President of NSW Court of Appeal

President of Arts Law Centre of Australia
from August 2011

The Hon. Peter Cadden Heerey AM QC

Qualifications

Experience

Special responsibilities

BA LLB

Barrister and Former Federal Court
Judge

Vice President of Arts Law Centre of
Australia

Steven John Miller

Qualifications

Experience

Special responsibilities

B Bus CA

Chartered Accountant

Honorary Treasurer

Megan Brownlow - Resigned 15 April 2013

Qualifications

Experience

BA(Hons) MBA

Strategy, Technology, Information,
Communications and Entertainment,
PricewaterhouseCoopers

Andrew Wiseman

Qualifications

Experience

LLB(Hons) LLM

Partner, Allens Linklaters

Peter Gerard Griffin

Qualifications

Experience

BBus, FFIN

Divisional Manager, Corporate Affairs,
Strategy and Environment, Toyota
Australia

Kimberly Weatherall - Resigned 28 January 2014

Qualifications

Experience

B LLB(Hons) BCivLaw LLM

Associate Professor, Sydney Law
School, University of Sydney

Directors' Report

31 December 2013

1. General information continued

Information on directors continued

Pauline Clague - Resigned 15 April 2013

Experience

Film Producer, AFTRS

Special responsibilities

Indigenous issues including service
Artists in the Black

The Hon. George Palmer AM QC - Resigned 3 March 2013

Qualifications

BA LLB

Experience

Composer and former Supreme Court
Judge

The Hon. Justice Andrew Greenwood - Resigned 17 January 2014

Qualifications

BA LLB

Experience

Judge of the Federal Court of Australia

Tania Carol Chambers

Qualifications

BA(Hons) LLB FAICB

Experience

Producer and Consultant

Anita Jacoby - Appointed 29 July 2013

Qualifications

Graduate Diploma in Media, Australian
Film, TV & Radio School; MAICD

Experience

Media Executive and Company Director

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

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 entity's activity occurred during the financial year.

Objectives of the Company

Vision

The Arts Law Centre of Australia (Arts Law) envisages a society that promotes justice for artists and values their creative contribution.

Mission

To enable the Australian arts community to understand their legal rights and have sufficient business and legal skills to achieve financial security and carry out their arts practice in a non-exploitative and culturally aware environment.

Values

In working towards achieving our vision, the work of Arts Law is guided by the values of excellence, accessibility, empowerment and integrity.

Directors' Report

31 December 2013

1. General information continued

Strategy for achieving the objectives

To achieve these objectives, the company provides the following services and activities :

- Legal advice
- Legal resource materials
- Referrals to legal professionals
- Advocacy on law and policy reform for artists
- Legal resources to Indigenous communities and artists
- Professional development for the arts community

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 sales income
- Number of Aboriginal and Torres Strait Islander clients we assist

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 members 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 2013 the collective liability of members was \$ 900 (2012: \$ 1,100).

Directors' Report

31 December 2013

Meetings of directors

During the financial year, four 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	4	4
The Hon. Peter Cadden Heerey AM QC	4	2
Steven John Miller	4	4
Megan Brownlow - Resigned 15 April 2013	2	2
Andrew Wiseman	4	2
Peter Gerard Griffin	4	1
Kimberly Weatherall - Resigned 28 January 2014	4	2
Pauline Clague - Resigned 15 April 2013	2	-
The Hon. George Palmer AM QC - Resigned 3 March 2013	1	1
The Hon. Justice Andrew Greenwood - Resigned 17 January 2014	4	-
Tania Carol Chambers	4	2
Anita Jacoby - Appointed 29 July 2013	2	1

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2013 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:



Steven J Miller

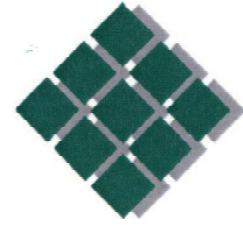
Director

Dated 21 March 2014

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Arts Law Centre of Australia

ABN 71 002 706 256

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 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 2013, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* 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 P Vlahopol
Partner

21 March 2014

Sydney, NSW

Fayworth House, Suite 503, 5th Floor, 379-383 Pitt Street, Sydney, NSW 2000
PO Box 20037, World Square, NSW 2002
Phone : 02 9266 0881 Fax : 02 9266 0886



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scheme approved
under Professional
Standards Legislation

Arts Law Centre of Australia

ABN 71 002 706 256

**Statement of Comprehensive Income
For the Year Ended 31 December 2013**

		2013	2012
	Note	\$	\$
Revenue	2	122,589	110,369
Grants and Other income	2	882,618	936,484
Employee benefits expense		(775,400)	(735,339)
Depreciation and amortisation expense		(25,919)	(28,371)
Other expenses		(244,589)	(289,063)
(Deficit) / Surplus for the year		(40,701)	(5,920)
Income tax expense		-	-
(Deficit) / Surplus for the year		(40,701)	(5,920)
Total comprehensive income for the year		(40,701)	(5,920)

The accompanying notes form part of these financial statements.

Statement of Financial Position

31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	578,547	545,813
Trade and other receivables	5	58,926	89,758
Inventories	6	9,968	9,811
Other current assets	9	2,617	3,980
TOTAL CURRENT ASSETS		<u>650,058</u>	649,362
NON-CURRENT ASSETS			
Property, plant and equipment	7	15,635	20,853
Intangible assets	8	32,650	46,741
TOTAL NON-CURRENT ASSETS		<u>48,285</u>	67,594
TOTAL ASSETS		<u>698,343</u>	716,956
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	39,122	46,468
Borrowings	11	9,954	10,736
GST payable		31,706	27,660
Employee benefits	12	111,305	93,446
Unearned income other		5,455	-
Unearned membership subscriptions		33,024	33,445
Government grants	13	-	51,060
Grants in advance	14	276,811	205,647
TOTAL CURRENT LIABILITIES		<u>507,377</u>	468,462
NON-CURRENT LIABILITIES			
Borrowings	11	-	9,954
Employee benefits	12	-	6,873
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	16,827
TOTAL LIABILITIES		<u>507,377</u>	485,289
NET ASSETS		<u>190,966</u>	231,667
FUNDS			
Unrestricted funds		<u>190,966</u>	231,667
TOTAL FUNDS		<u>190,966</u>	231,667

The accompanying notes form part of these financial statements.

Arts Law Centre of Australia

ABN 71 002 706 256

**Statement of Changes in Funds
For the Year Ended 31 December 2013**

2013

	Unrestricted Funds	Total
Note	\$	\$
Balance at 1 January 2012	231,667	231,667
Net (Deficit) for the year	(40,701)	(40,701)
Transactions with owners in their capacity as owners		
Sub-total	<u>(40,701)</u>	<u>(40,701)</u>
Balance at 31 December 2013	<u>190,966</u>	<u>190,966</u>

2012

	Unrestricted Funds	Total
Note	\$	\$
Balance at 1 January 2012	237,587	237,587
Net (Deficit) for the year	(5,920)	(5,920)
Transactions with owners in their capacity as owners		
Sub-total	<u>(5,920)</u>	<u>(5,920)</u>
Balance at 31 December 2012	<u>231,667</u>	<u>231,667</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2013

	2013	2012
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government and customers	1,315,740	1,108,671
Payments to suppliers and employees	(1,282,280)	(1,129,787)
Interest received	15,838	22,971
Net cash provided by (used in) operating activities	21 <u>49,298</u>	<u>1,855</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(6,610)</u>	(2,348)
Net cash used by investing activities	<u>(6,610)</u>	(2,348)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	<u>(9,954)</u>	(9,554)
Net cash used by financing activities	<u>(9,954)</u>	(9,554)
Net increase (decrease) in cash and cash equivalents held	32,734	(10,047)
Cash and cash equivalents at the beginning of the year	<u>545,813</u>	555,860
Cash and cash equivalents at the end of the financial year	4 <u><u>578,547</u></u>	<u><u>545,813</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2013

The financial statements are for Arts Law Centre of Australia as a not-for-profit individual entity.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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

The financial statements 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 financial statements are presented in Australian dollars which is the company's functional currency.

(b) Comparative figures

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

(c) Inventories

Inventories comprise goods for resale and goods for distribution at no or nominal consideration as part of the Company's activities.

Inventories held for sale are measured at the lower of cost and net realisable value.

Inventories held for distribution are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies continued

(d) Property, plant and equipment continued

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Furniture, Fixtures and Fittings	10 %
Office Equipment	10 % to 40 %
Computer Equipment	33.33 %

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of 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 expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies continued

(e) Financial instruments continued

- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest rate method*; and
- (d) less any reduction for impairment.

The *effective interest rate 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 value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies continued

(e) **Financial instruments continued**

sold within 12 months after the end of the reporting period.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability 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.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies continued

(f) Impairment of non-financial assets

At the end of each reporting year, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. 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 outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(i) Trade and other payables

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

(j) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies continued

(k) 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.

(l) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Arts Law Centre of Australia's activities as discussed below.

Grant revenue

Grants are received on the condition that specified services are delivered, or conditions are fulfilled, and are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants are recognised when the company obtains control of the funds.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

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

Royalties

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

Subscriptions

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

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

(m) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies continued

(n) Critical accounting estimates and judgments

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

Key estimates

The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are ;

Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on salary levels as at 31 December 2013, experience of employee departures and periods of service. The amount of these provisions would change should any of these factors change in the next 12 months.

(o) Economic dependence

Arts Law Centre of Australia is dependent on 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 that the grant funding will not continue to support Arts Law Centre of Australia, although grant funding for Artists in the Black service is insecure.

(p) Adoption of new and revised accounting standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Arts Law Centre of Australia.

Standard Name	Impact
AASB 124 Related Party Disclosures and amending standard AASB 2009-12	No significant changes on adoption of this standard.
AASB 2010-6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	No significant changes on adoption of this standard.

Notes to the Financial Statements

For the Year Ended 31 December 2013

2 Revenue and Other Income

Revenue from continuing operations

	2013	2012
Note	\$	\$
Revenue		
- Interest - investment	15,838	21,483
- Donations	32,874	14,340
- Member subscriptions	73,877	74,546
Total Revenue	122,589	110,369
Other Income		
Royalties	72	303
Recoveries	23,050	27,426
Grants Revenue	(a) 785,003	864,497
Fundraising income	13,140	-
Other income	61,353	44,258
	882,618	936,484

(a) Grants Revenue

Grant Revenue from:

Australia Council for the Arts	241,294	239,142
Screen Australia	50,000	25,000
Office for the Arts - AITB	50,000	170,930
Office for the Arts - Project	42,070	-
Office for the Arts - Solid Arts Project	12,490	103,525
Arts NSW	125,214	125,214
Arts Victoria	50,000	30,000
Arts Queensland	30,000	30,000
Arts Queensland - Backing Indigenous Arts	20,000	28,500
Department of Aboriginal Affairs WA	36,000	29,000
Department of Arts and Museums NT	25,000	-
Department of Culture and the Arts WA	15,000	5,000
Arts ACT	7,000	-
Arts Tasmania	7,000	-
Film Victoria	5,000	2,500
Arts SA	4,335	4,240
Copyright Agency Limited	49,600	42,500
Phonographic Performance Company of Australia	15,000	15,000
Australia Council for the Arts - Geek in Residence	-	12,582
Others	-	1,364
Total grants revenue	785,003	864,497

Notes to the Financial Statements
For the Year Ended 31 December 2013

3 Result for the Year

(a) **Expenses**

	2013	2012
	\$	\$
Depreciation and Amortisation		
Depreciation and amortisation expense	25,919	28,371
Employee benefits expense	775,400	735,339
	<u>775,400</u>	<u>735,339</u>

4 Cash and Cash Equivalents

Cash at bank and in hand	258,606	238,638
Short-term bank deposits	319,941	307,175
	<u>578,547</u>	<u>545,813</u>

5 Trade and Other Receivables

CURRENT

Trade receivables	57,435	87,939
	<u>57,435</u>	<u>87,939</u>
Deposits	300	300
Accrued Revenue	1,191	1,519
	<u>1,191</u>	<u>1,519</u>
Total current trade and other receivables	<u>58,926</u>	<u>89,758</u>

6 Inventories

CURRENT

Inventories held for resale

At cost:

Finished goods	7,647	7,556
	<u>7,647</u>	<u>7,556</u>

Inventory for distribution

At net realisable value:

Finished goods	2,321	2,255
	<u>2,321</u>	<u>2,255</u>
	<u>9,968</u>	<u>9,811</u>

Notes to the Financial Statements
For the Year Ended 31 December 2013

7 Property, Plant and Equipment

	2013	2012
	\$	\$
Plant and equipment		
At cost	81,848	75,238
Accumulated depreciation	(66,213)	(54,385)
Total plant and equipment	15,635	20,853
Leasehold Improvements		
At cost	21,390	21,390
Accumulated amortisation	(21,390)	(21,390)
Total leasehold improvements	-	-
Total property, plant and equipment	15,635	20,853

(a) Movements in Carrying Amounts

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

	Plant and Equipment	Improvements	Total
	\$	\$	\$
Balance at 1 January 2013	20,853	-	20,853
Additions	6,610	-	6,610
Depreciation expense	(11,828)	-	(11,828)
Balance at 31 December 2013	15,635	-	15,635

Notes to the Financial Statements
For the Year Ended 31 December 2013

8 Intangible Assets

	2013	2012
	\$	\$
Patents, trademarks and other rights		
Cost	6,870	6,870
Accumulated amortisation and impairment	(2,143)	(1,410)
Net carrying value	4,727	5,460
Website development		
Cost	66,791	66,791
Accumulated amortisation and impairment	(38,868)	(25,510)
Net carrying value	27,923	41,281
Total Intangibles	32,650	46,741

	Patents, trademarks and other rights	Website development	Total
	\$	\$	\$
Year ended 31 December 2013			
Balance at the beginning of the year	5,460	41,281	46,741
Amortisation	(733)	(13,358)	(14,091)
Closing value at 31 December 2013	4,727	27,923	32,650

9 Other Current Assets

CURRENT		
Prepayments	2,617	3,980
	2,617	3,980

10 Trade and Other Payables

CURRENT		
Trade payables	4,122	14,580
Employee benefits	21,430	19,166
Sundry payables and accrued expenses	13,180	11,735
Corporate credit cards	390	987
	39,122	46,468

Notes to the Financial Statements
For the Year Ended 31 December 2013

11 Borrowings

	2013	2012
	\$	\$
CURRENT		
Unsecured liabilities:		
Chattel mortgage	9,954	10,736
Total current borrowings	9,954	10,736
NON-CURRENT		
Unsecured liabilities:		
Chattel mortgage	-	9,954
Total non-current borrowings	-	9,954

12 Employee Benefits

CURRENT		
Long service leave	37,471	33,351
Provision for employee benefits	73,834	60,095
	111,305	93,446
NON-CURRENT		
Long service leave	-	6,873

13 Unexpended grants

Film Victoria	-	1,500
Screen Australia	-	20,000
Copyright Agency Limited	-	10,000
Office for the Arts - AITB	-	7,070
Office for the Arts - Solid Arts	-	12,490
	-	51,060

14 Grants in advance

Screen Australia	20,000	-
Office of the Arts - AITB	-	85,000
Australia Council for the Arts	221,311	120,647
Arts Qld	30,000	-
Other	5,500	-
	276,811	205,647

Notes to the Financial Statements

For the Year Ended 31 December 2013

15 Leasing Commitments

(a) Operating lease commitments

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

	2013	2012
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	10,730	9,385
- between 1 year and 5 years	25,495	50,990
	<u>36,225</u>	<u>60,375</u>

Operating lease commitments are in respect of the lease of premises from which the company operates.

16 Financial Risk Management

The main risks Arts Law Centre of Australia is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2013	2012
	\$	\$
Financial Assets		
Cash and cash equivalents	578,547	545,813
Total financial assets	<u>578,547</u>	<u>545,813</u>
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	39,123	46,468
- Borrowings	9,954	20,690
Total financial liabilities	<u>49,077</u>	<u>67,158</u>

17 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 outstandings and obligations of the company. At 31 December 2013 the number of members was 9 (2012: 11).

18 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the company is \$ 144,107 (2012: \$ 130,354).

Notes to the Financial Statements
For the Year Ended 31 December 2013

19 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the company did not have any contingencies at 31 December 2013 (31 December 2012:None).

20 Related Party Transactions

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

The directors act in an honorary capacity and receive no compensation for their services.

There are no other related party transactions.

Notes to the Financial Statements

For the Year Ended 31 December 2013

21 Cash Flow Information

(a) Reconciliation of cash

	2013	2012
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>578,547</u>	545,813
	<u>578,547</u>	<u>545,813</u>

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

Reconciliation of net income to net cash provided by operating activities:

(Deficit) / Surplus for the year	(40,701)	(5,920)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	14,091	15,980
- depreciation	11,828	12,391
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	30,832	(74,240)
- (increase)/decrease in prepayments	1,362	(1,866)
- (increase)/decrease in inventories	(248)	5,300
- increase/(decrease) in trade and other payables	(8,034)	6,880
- increase / (decrease) in unexpended grants	(51,060)	(36,136)
- increase / (decrease) in unearned income	76,197	87,864
- increase/(decrease) in provisions	15,031	(8,398)
Cashflow from operations	<u>49,298</u>	<u>1,855</u>

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 21 March 2014 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 6 to 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2013 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 NSW Charitable Fundraising Regulations 2008;
 - (a) the statement of comprehensive income is drawn up so as to give a true and fair view of income and expenditure of the Company for the year ended 31 December 2013 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 2013 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 2013; 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.



Steven J Miller

Director

Sydney, NSW
Dated 21 March 2014

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Arts Law Centre of Australia

ABN 71 002 706 256

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

Report on the Financial Report

We have audited the accompanying financial report of Arts Law Centre of Australia, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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 about 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 judgement, 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Arts Law Centre of Australia, would be in the same terms if given to the directors as at the time of this auditor's report.

Fayworth House, Suite 503, 5th Floor, 379-383 Pitt Street, Sydney, NSW 2000

PO Box 20037, World Square, NSW 2002

Phone : 02 9266 0881 Fax : 02 9266 0886



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under Professional
Standards Legislation

Basis for Qualified Opinion

Proceeds from appeals are not a significant source of revenue for the Company. The company has determined that it is impractical to establish control over the collection of proceeds from appeals prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to proceeds from appeals had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether proceeds of appeals the company obtained are complete.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Arts Law Centre of Australia is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on Other Legal and Regulatory Requirements

Qualified Opinion pursuant to the Charitable Fundraising (NSW) Act 1991

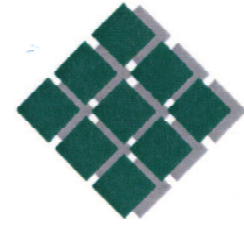
In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph above :

- (i) The financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 31 December 2013;
- (ii) The financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2013 to 31 December 2013, in accordance with the Charitable Fundraising (NSW) Act 1991 and its regulations;
- (iii) Money received as a result of fundraising appeal activities conducted during the period from 1 January 2013 to 31 December 2013 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and its regulations; and
- (iv) 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
ABN 14 568 923 714



Arts Law Centre of Australia

ABN 71 002 706 256

For the Year Ended 31 December 2013

Disclaimer

The additional financial data presented on 29 to 30 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 2013. 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

Peter P Vlahopol - Partner

SYDNEY

21 March 2014

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