

Arts Law Centre of Australia

ABN 71 002 706 256

Financial Report

For the Year Ended 31 December 2018



Arts Law Centre of Australia

ABN 71 002 706 256

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For the Year Ended 31 December 2018

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Directors' Report 31 December 2018

The directors present their report on Arts Law Centre of Australia for the financial year ended 31 December 2018.

1. General information

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

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Directors' Report

31 December 2018

1. General information

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 referrals to legal and other professionals
- 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 2018 the collective liability of members was \$700 (2017: \$700).

Information on directors

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

Vice President

LLB (Hons), LL.M

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 and Finance Committee

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Directors' Report 31 December 2018

Information on directors

Navid Bahadori

Qualifications

Experience

Special Responsibilities

Treasurer

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

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

Member of Finance Committee

Michelle Gibbings

Qualifications

Experience

Special Responsibilities

B. Business Communications; B. Commerce; Masters International Trade

Michelle Gibbings is a leadership and career expert. The author of *Step Up: How to Build your Influence at Work*, and *Career Leap: How to reinvent and liberate your career*, Michelle is an international keynote speaker, advisor, facilitator and executive mentor for leading global organisations.

Michelle is a Certified Compliance Professional from the Governance Risk and Compliance Institute, and a graduate of the Australian Institute of Company Directors.

Michelle actively supports Arts and Community organisations, having served as a Board member for an independent theatre company and a community radio station. Michelle has been a director of Arts Law since October 2014.

Member of Risk & Governance Committee

Debra Camden

Qualifications

Experience

Special Responsibilities

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.

Member of Communications & Marketing Committee

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Directors' Report

31 December 2018

Information on directors

Bronwyn Bancroft

Qualifications

Diploma of Visual Arts from Canberra School of Art, 2 Masters degrees, one in Studio Practice the other in Visual Art University of Sydney. Awarded Doctor of Philosophy from the University of Sydney in 2018.

Experience

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

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.

Experience

Andrew Lu is a solicitor specialising in general insurance, health care liability, and medical defence. A partner of HBA Legal, he represents hospitals, health practitioners, and government in civil, coronial and disciplinary matters. He is an experienced trial and appellate advocate, and also appears at inquests and inquiries. Andrew graduated LLB from the University of Western Australia, LLM from New England, and SJD from The Australian National University. He is a Fellow of the Australian Academy of Law and of ANZIIIF, adjunct Senior Lecturer at UWA Law School, and a sessional Member of the State Administrative Tribunal.

Dr Lu is also a non-executive director of the Australian Youth Orchestra, and the National Gallery of Australia Foundation. A member of the Council of the Art Gallery of Western Australia Foundation, he chairs the Fulbright Commission's WA Selection Committee, and was awarded an Order of Australia medal in 2008.

Special Responsibilities

Member of Risk & Governance Committee

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Directors' Report

31 December 2018

Sarah Kwok

Qualifications

Appointed 20 February 2019

Bachelor of Business (Finance) and Bachelor of Law from University of Technology, Graduate Certificate of Accounting from Deakin University, Melbourne and a Chartered Accountant.

Experience

Sarah Kwok is an Associate Director in the KPMG Enterprise Advisory practice and leads the financial modelling and investor readiness capability within Enterprise Sydney. Sarah has 8 years' experience as a trusted advisor to high growth technology start-ups and privately owned businesses in the mid-market. Sarah has extensive experience in buy-side and sell-side financial due diligence having advised start-ups, privately owned and public business across technology, media, manufacturing and construction. She has also assisted established businesses on growth strategy and the sustainability and feasibility of new projects.

Sarah is also on the board of 107 Projects , where she holds the role of the Treasurer.

Justice John Sacker

Qualifications

Appointed 20 February 2019

Bachelor of Laws, Masters of Laws Sydney University, Admitted as Barrister 1975, Appointed Queens Counsel 1987, and Appointed Justice of Supreme Court of NSW in 2011.

Experience

He practised in diverse areas of law both in trial and appellate work, in Australia, South East Asia and the United Kingdom. After practising as Queen's Counsel for nearly 25 years he was appointed a Judge of the Supreme Court of New South Wales in February 2011.

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

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

The Hon. Justice Margaret Beazley AO
Andrew Wiseman
Navid Bahadori
Michelle Gibbings
Debra Camden
Bronwyn Bancroft
Dr Andrew Lu AO

Directors' Meetings	
Number eligible to attend	Number attended
4	4
4	2
4	3
4	4
4	3
4	1
4	4

Arts Law Centre of Australia

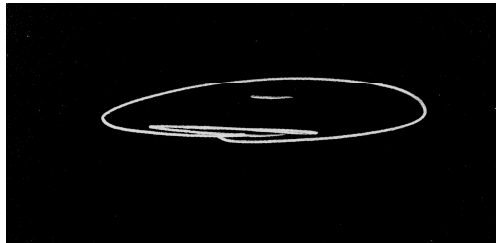
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Directors' Report
31 December 2018

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 2018 has been received and can be found on page 7 of the financial report.

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



Director:
Navid Bahadori

Dated: 28th March 2019

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Auditor's 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 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

W W Vick & CO
Chartered Accountants

Peter Vlahopol
Registered Company Auditor - No 4554
Chartered Accountants

Dated: 28th March 2019

Sydney

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PO Box 20037, World Square, NSW 2002
Phone: 02 9266 0881 Fax: 02 9266 0886



Arts Law Centre of Australia

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue	6.	1,235,820	1,132,771
Finance income	6.	15,296	13,311
Other income	6.	258,250	182,354
Employee benefits expense		(1,064,887)	(908,158)
Depreciation and amortisation expense		(28,070)	(18,066)
Finance cost		(5,997)	(3,813)
Other operating expenses	7.	(291,875)	(270,061)
Surplus before income tax		118,537	128,338
Income tax expense	3.(a).	-	-
Total comprehensive income for the year		118,537	128,338

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

Arts Law Centre of Australia

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Statement of Financial Position

31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	895,473	1,066,908
Trade and other receivables	9	212,901	4,406
Inventories	10	995	-
Other assets	13	997	4,394
TOTAL CURRENT ASSETS		1,110,366	1,075,708
NON-CURRENT ASSETS			
Property, plant and equipment	11	32,790	18,707
Intangible assets	12	20,782	20,741
TOTAL NON-CURRENT ASSETS		53,572	39,448
TOTAL ASSETS		1,163,938	1,115,156
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	86,381	75,854
Borrowings	15	8,630	-
Employee benefits	16	152,927	136,305
Other liabilities	17	330,508	444,396
TOTAL CURRENT LIABILITIES		578,446	656,555
NON-CURRENT LIABILITIES			
Borrowings	15	9,888	-
Employee benefits	16	3,390	4,924
TOTAL NON-CURRENT LIABILITIES		13,278	4,924
TOTAL LIABILITIES		591,724	661,479
NET ASSETS		572,214	453,677
EQUITY			
Retained earnings		572,214	453,677
TOTAL EQUITY		572,214	453,677

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 December 2018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2018	453,677	453,677
Surplus and total comprehensive income for the year	118,537	118,537
Balance at 31 December 2018	572,214	572,214

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2017	325,339	325,339
Surplus and total comprehensive income for the year	128,338	128,338
Balance at 31 December 2017	453,677	453,677

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and grants	1,309,785	1,676,750
Payments to suppliers and employees	(1,464,467)	(1,305,272)
Interest received	15,285	13,309
Finance costs	(5,997)	(3,813)
Net cash provided by/(used in) operating activities	<u>(145,394)</u>	<u>380,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	(13,100)	-
Purchase of property, plant and equipment	(5,429)	(13,677)
Net cash provided by/(used in) investing activities	<u>(18,529)</u>	<u>(13,677)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(7,512)	-
Net cash provided by/(used in) financing activities	<u>(7,512)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	(171,435)	367,297
Cash and cash equivalents at beginning of year	1,066,908	699,611
Cash and cash equivalents at end of financial year	8 <u>895,473</u>	<u>1,066,908</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers Arts Law Centre of Australia as an individual entity. Arts Law Centre of Australia is a not-for-profit Company, registered 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 those charged with governance on 26 March 2019.

Comparatives are consistent with prior years, unless otherwise stated.

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.

2. Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - debt instruments (FVOCI - debt)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has not resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 January 2018 are Nil:

The move to the expected credit loss model under AASB 9 has not increased the provision for trade receivables at the adoption date.

There are no classification and measurement of financial assets and liabilities difference under AASB 9 and AASB 139 at the date of initial application.

3. Summary of Significant Accounting Policies

(a). Income Tax

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

(b). 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.

(c). Revenue and other income

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 relating to the type of revenue as noted below, has been satisfied.

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Summary of Significant Accounting Policies (continued)

(c). Revenue and other income (continued)

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.

Donations

Donations and bequests are recognised as revenue when received.

Royalties

Royalties are recognised as revenue when the amounts are received from the collection agency.

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.

(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. 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 2018

3. Summary of Significant Accounting Policies (continued)

(e). Inventories

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(f). Property, plant and equipment

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

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

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(k) 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

Plant and equipment 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.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Summary of Significant Accounting Policies (continued)

(g). 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.

(h). Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

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).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Summary of Significant Accounting Policies (continued)

(h). Financial instruments (continued)

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

For current year

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

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).

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Summary of Significant Accounting Policies (continued)

(h). Financial instruments (continued)

Financial assets

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

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

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

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Summary of Significant Accounting Policies (continued)

(h). Financial instruments (continued)

Financial assets

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

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

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

(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 an insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Summary of Significant Accounting Policies (continued)

(j). 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 period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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

(k). 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.

(l). Comparative figures

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

(m). Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

4. 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

Notes to the Financial Statements

For the Year Ended 31 December 2018

5. Critical Accounting Estimates and Judgments

Those charged with governance 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.

6. Revenue and Other Income

		2018	2017
		\$	\$
Revenue			
- Grant revenue	6(a)	946,338	859,372
- Subscription income		100,650	93,550
- Fundraising income		152,244	154,719
- Donations		36,588	25,130
		1,235,820	1,132,771
Finance income			
- Other interest received		15,296	13,311
Total Revenue		1,251,116	1,146,082
Other Income			
- Royalties		2,536	1,097
- Recoveries		30,618	16,540
- Sales of publications		69,916	63,549
- Speaker fees received		63,900	74,795
- Artists in the Black Peak Body Services		69,160	-
- Service Fee (IAC)		10,000	20,000
- Other income		12,120	6,373
		258,250	182,354
Total Revenue and Other Income		1,509,366	1,328,436

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Notes to the Financial Statements For the Year Ended 31 December 2018

6. Revenue and Other Income

(a) Grant Revenue

	2018	2017
	\$	\$
Grant revenue received from:		
- Australia Council for the Arts	246,764	244,320
- Attorney-Generals Department	189,807	138,202
- Department of Communications and the Arts	114,818	86,690
- Create NSW	125,250	125,250
- Creative Victoria	60,000	60,000
- Arts Queensland	50,000	50,000
- Department of Tourism and Culture - Arts NT	25,000	25,000
- Department of Local Government, Sport and Cultural Industries, Culture and the Arts (WA)	54,700	55,260
- Arts ACT	15,500	15,000
- Arts Tasmania	7,000	7,000
- Arts South Australia	25,000	20,000
- Film Victoria	5,000	5,000
- Phonographic Performance Company of Australia	15,000	15,000
- Copyright Agency Limited	-	2,650
- APRA AMCOS	12,500	-
- Others	-	10,000
	946,338	859,372

7. Result for the Year

The result for the year includes the following specific expenses:

Other expenses:		
Annual report costs	4,458	4,049
Audit fees	11,000	9,790
Cleaning	8,400	4,798
Communications	13,717	10,175
Consultancy	6,665	1,200
Film Production Expenses	23,986	14,689
Fundraising	31,155	49,612
Insurance	9,231	8,219
Library costs	7,712	8,038
Printing and stationery	7,677	6,961
Repairs and maintenance	14,816	21,539
Rent	17,364	17,113
Subscriptions – trade associations	7,909	7,521
Travel and accommodation	71,922	71,189
Website development	14,150	1,636
Other expenses	41,713	33,532
	291,875	270,061

Notes to the Financial Statements

For the Year Ended 31 December 2018

8. Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	37,968	244,581
Short-term deposits	857,505	822,327
	895,473	1,066,908

9. Trade and Other Receivables

CURRENT		
Trade receivables	204,774	3,853
Interest Accrued	564	553
Other receivables	7,563	-
Total current trade and other receivables	212,901	4,406

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a). Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2018 is determined as Nil.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has recognised a loss allowance of Nil against all receivables greater than 90 days because historical experience has indicated that these receivables are generally recoverable late.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over - years past due, whichever occurs first.

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Notes to the Financial Statements For the Year Ended 31 December 2018

10. Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Goods held for distribution	995	-
	<u>995</u>	<u>-</u>

11. Property, plant and equipment

PLANT AND EQUIPMENT

Plant and equipment		
At cost	86,872	96,292
Accumulated depreciation	(54,082)	(77,585)
Total plant and equipment	<u>32,790</u>	<u>18,707</u>
Leasehold Improvements		
At cost	21,390	21,390
Accumulated amortisation	(21,390)	(21,390)
Total leasehold improvements	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>32,790</u>	<u>18,707</u>

(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	Total
	\$	\$
Year ended 31 December 2018		
Balance at the beginning of year	18,708	18,708
Additions at cost	29,094	29,094
Depreciation expense	(15,012)	(15,012)
Balance at the end of the year	<u>32,790</u>	<u>32,790</u>

Notes to the Financial Statements
For the Year Ended 31 December 2018

12. Intangible Assets

	2018 \$	2017 \$
Patents, trademarks and other rights		
Cost	13,700	7,470
Accumulated amortisation and impairment	(2,538)	(5,969)
Net carrying value	11,162	1,501
Website Development Costs		
Cost	48,100	48,100
Accumulated amortisation and impairment	(38,480)	(28,860)
Net carrying value	9,620	19,240
Total Intangibles	20,782	20,741

(a). Movements in carrying amounts of intangible assets

	Patents, trademarks and other rights \$	Website Development Costs \$	Total \$
Year ended 31 December 2018			
Balance at beginning of year	1,501	19,240	20,741
Additions	13,100	-	13,100
Amortisation	(3,439)	(9,620)	(13,059)
Closing value at 31 December 2018	11,162	9,620	20,782

13. Other Assets

CURRENT		
Prepayments	997	4,394
	997	4,394

Notes to the Financial Statements
For the Year Ended 31 December 2018

14. Trade and Other Payables

	2018	2017
	\$	\$
Current		
Trade payables	3,858	6,031
GST payable	25,716	23,336
Employee related benefits	41,720	32,792
Sundry payables and accrued expenses	14,930	12,710
Corporate credit card	157	985
	86,381	75,854

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

15. Borrowings

CURRENT

Bank loan

8,630

-

Total current borrowings

8,630

-

NON-CURRENT

Bank loan

9,888

-

Total non-current borrowings

9,888

-

Total borrowings

18,518

-

A Commercial loan with the Westpac Banking Corporation had been entered into in February 2018 for a period of 3 years at an interest rate of 5.39%, and the remaining liability has been split between current and non-current and is exclusive of the interest payable on the loan. The loan was entered into for the acquisition of computer equipment. There is a first registered goods security over the computer equipment.

Notes to the Financial Statements
For the Year Ended 31 December 2018

16. Employee Benefits

	2018	2017
	\$	\$
Current liabilities		
Long service leave	65,412	56,000
Annual leave	87,515	80,305
	<u>152,927</u>	<u>136,305</u>
Non-current liabilities		
Long service leave	3,390	4,924
	<u>3,390</u>	<u>4,924</u>

Movement in employee benefits

	Employee Benefits	Total
	\$	\$
2018		
Opening balance at 1 January 2018	141,229	141,229
Additional amounts raised during year	15,088	15,088
Balance at 31 December 2018	<u>156,317</u>	<u>156,317</u>

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 3(j).

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Notes to the Financial Statements For the Year Ended 31 December 2018

17. Other Liabilities

	2018 \$	2017 \$
CURRENT		
Unexpended Grants/Grants in Advance		
Australia Council for the Arts	-	123,382
Attorney General's Department	61,991	131,798
Create NSW	125,250	-
Department of Communication and the Arts	81,993	71,310
APRA AMCOS	12,500	
Department of Tourism and Culture – Arts NT	-	25,000
Department of Local Government, Sport and Cultural Industries – Culture & Arts WA	-	14,700
Total unexpended grants	281,734	366,190
Unearned Income		
Unearned subscription	44,774	43,626
Other unearned income		
Other unearned service income	4,000	34,580
Total unearned income	48,774	78,206
Total other liabilities	330,508	444,396

18. Leasing Commitments

(a). Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	15,480	14,706
- between one year and five years	9,984	26,856
	25,464	41,562

The office lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. Increase in lease commitments is in line with the consumer price index (CPI).

Arts Laws portion of rental outgoings is 7.54% from 1 January 2019. Cleaning cost contributions are 7.5% of building common area and 23.6% of level 1 common area.

On 19/03/2015, 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 volume charges for colour, black and white copies and impressions. Dependant on usage the minimum monthly charge may vary.

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Notes to the Financial Statements For the Year Ended 31 December 2018

19. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market institutions, short-term and long-term investments, receivables and payables, and lease liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies of these financial statements, are as follows:

	Note	2018 \$	2017 \$
Financial assets			
Cash and Cash Equivalents	8	895,473	1,066,908
Trade and other receivables	9	212,901	4,405
Total financial assets		1,108,374	1,071,313
Financial liabilities			
Trade and other payables	14	86,381	75,854
Borrowings	15	18,518	-
Total financial liabilities		104,899	75,854
Total		1,003,475	995,459

20. Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Arts Law Centre of Australia during the year are as follows:

The total remuneration paid to key management personnel of the Company is \$ 435,524 (2017: \$ 349,281).

21. Contingencies and Capital Commitments

In the opinion of those charged with governance, the Company did not have any contingencies and capital commitments at 31 December 2018 (31 December 2017:None).

Notes to the Financial Statements

For the Year Ended 31 December 2018

22. Related Parties

(a). The Company's main related parties are as follows:

Key management personnel - refer to Note 20.

(b). 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, \$24,571 (2017: \$26,734) was paid to Rose Ayres as salaries and wages. Rose Ayres is the daughter of Robyn Ayres (Chief Executive Officer).

In addition, \$85,612 (2017: \$85,300) was paid to Suzanne Derry as salaries and wages. Suzanne Derry is the spouse of Navid Bahadori (Treasurer and Member of Finance Committee).

23. Events after the end of the Reporting Period

The financial report was authorised for issue on 28th March 2019 by those charged with governance.

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.

24. Statutory Information

The registered office and principal place of business of the company is:

Arts Law Centre of Australia
Level 1, The Gunnery
43-51 Cowper Wharf Road
Woolloomooloo NSW 2011

Notes to the Financial Statements

For the Year Ended 31 December 2018

25. 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

	2018		2017	
	\$	%	\$	%
Gross income from fundraising, donations and contributions	188,832		179,849	
Total cost of fundraising	31,155		49,612	
Net surplus from fundraising	157,677	83.5%	130,237	72.4%
Total income	1,509,366		1,328,438	
Total Expenditure	1,309,829		1,200,100	
Payments to Arts Law Centre of Australia fundraising as a percentage of total income	2.06 %		3.73 %	
Payments to Arts Law Centre of Australia fundraising as a percentage of total expenditure	2.24 %		4.13 %	

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.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 31, 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 2018 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 2018 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 2018 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 2018; 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: 28th March 2019

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 2018, 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 2018, 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 2018, 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 and 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 2018 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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



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 2018;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the period 1 January 2018 to 31 December 2018, 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 2018 to 31 December 2018 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
Sydney

Dated: 28th March 2019

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Disclaimer

For the Year Ended 31 December 2018

The additional financial data presented on pages 37 - 38 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 2018. 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

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

Dated: 28th March 2019

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