

Arts Law Centre of Australia

ABN 71 002 706 256

Financial Statements

For the Year Ended 31 December 2016



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For the Year Ended 31 December 2016

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Directors' Report

31 December 2016

The directors present their report on Arts Law Centre of Australia for the financial year ended 31 December 2016.

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:

<i>The Hon. Justice Margaret Beazley AO</i>	President
Qualifications	LLB (Hons), LLD, University of Sydney
Experience	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
<i>The Hon. Peter Cadden Heerey AM QC</i>	Vice President, resigned Jan 2016
Qualifications	BA LLB
Experience	Served as a Judge of the Federal Court of Australia for 18 years and at the Victorian Bar for 23 years. He has a particular interest in law and literature and has published in Australian and overseas academic journals on this and related topics.
Special responsibilities	Member of Risk & Governance Committee
<i>Navid Bahadori</i>	Treasurer
Qualifications	LLB LLM Bachelor of Commerce (Accounting)
Experience	Co-founder & Managing Director at Broken Yellow, a film production and creative services company; legal practitioner & accountant; masters in commercial & taxation law; formerly Regional Taxation Manager at ResMed Australia; extensive commercial & accounting experience.
Special responsibilities	Member of Finance Committee
<i>Andrew Wiseman</i>	Appointed as Vice President on 28 Feb 2016. He was a previous director.
Qualifications	LLB (Hons), LLM
Experience	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

Directors' Report

31 December 2016

Information on directors (continued)

Anita Jacoby

Qualifications

Resigned 27 February 2016

Graduate Diploma in Media, Australian Film, TV and Media School, MAICD

Experience

Award-winning TV producer and journalist with over 30 years' experience, former Managing Director at ITV Australia; former executive of Zapruder's other films; also on boards of ITV Studios, Headspace & NSW Alzheimers Advisory Board; winner of 5 AFI Awards, an AACTA, Order of Australia medal.

Michelle Gibbings

Qualifications

B. Business - Communications; B. Commerce

Experience

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

Special responsibilities

Member of Risk & Governance Committee

Wayne Quilliam

Qualifications

Resigned 18 April 2016

Photographer

Experience

Pre-eminent Indigenous photographic artist, curator and cultural adviser. Awards include NAIDOC Indigenous Artist of the Year, AIMSC Business of the year, Human Rights Media Award & Walkley Award for photojournalism. Highly valued practical working knowledge of Indigenous issues both nationally & internationally.

Enid Charlton

Qualifications

Resigned 18 October 2016

Executive in marketing and development

Experience

Executive in marketing and development; former Director of Marketing at Opera Australia; established successful marketing consultancy; winner of 3 ADMA awards; worked in tertiary education sector lecturing at UTS and in senior fundraising at UNSW, UTS, National Art School; former Director of Development Foundations & Corporate Relations at Macquarie University.

Debra Camden

Qualifications

Appointed 18 April 2016

B. Business (Comm); Master of Business Administration

Experience

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

Special responsibilities

Member of Communications & Marketing Committee

Directors' Report

31 December 2016

Information on directors (continued)

Bronwyn Bancroft

Qualifications

Appointed 18 April 2016

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

Experience

Worked as a volunteer at Boomalli Aboriginal Artists Co-operative for the last 7 years as curator/business planner and senior strategist. Currently holds Board positions with Australian Indigenous Mentoring Experience (AIME), Boomalli Aboriginal Artists Co-operative, Commonwealth Bank RAP Committee and Copyright Agency.

Special responsibilities

Member of Communications & Marketing Committee

Dr Andrew Lu OA

Appointed 6 December 2016

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 ANZIIF and a Chartered Tax Adviser.

Experience

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

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

Special responsibilities

Member of Risk & Governance Committee

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

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 and objectives

Mission

Empower artists and creative communities through the law.

Directors' Report

31 December 2016

Vision

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

Organisational Values

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

Strategy for achieving the objectives

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

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

Performance measures

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

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

Members guarantee

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

At 31 December 2016, the collective liability of members was \$700 (2015: \$800)

Directors' Report

31 December 2016

Meetings of directors

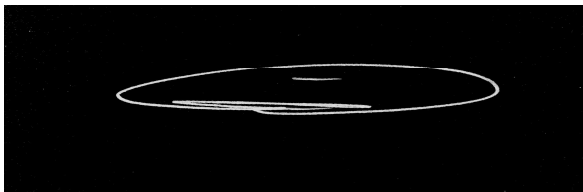
During the financial year, 3 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
The Hon. Justice Margaret Beazley AO	3	3
The Hon. Peter Cadden Heerey AM QC – Resigned January 2016	-	-
Navid Bahadori	3	2
Andrew Wiseman	3	3
Anita Jacoby – Resigned February 2016	-	-
Michelle Gibbings	3	3
Wayne Quilliam – Resigned April 2016	1	-
Enid Charlton – Resigned October 2016	3	2
Debra Camden – Appointed April 2016	2	2
Bronwyn Bancroft – Appointed April 2016	2	-
Dr Andrew Lu AO – Appointed December 2016	-	-

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 2016 has been received and can be found on page 6 of the financial report.

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



Director:
Navid Bahadori

Dated 3 April, 2017.

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Arts Law Centre of Australia

ABN 71 002 706 256

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016, there have been:

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

- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

W W VICK & CO
Chartered Accountants

Peter Vlahopol – Partner
Registered Company Auditor - No 4554
5th Floor, 379-383 Pitt Street
Sydney NSW 2000

Sydney 3 April, 2017.

Fayworth House, Suite 503, 5th Floor, 379-383 Pitt Street, Sydney, NSW 2000
PO Box 20037, World Square, NSW 2002
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under Professional
Standards
Legislation

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	3	1,005,370	926,647
Other income	3	166,547	140,257
Employee benefits expense		(807,767)	(962,518)
Depreciation and amortisation expense		(17,500)	(16,760)
Finance cost		(3,761)	(3,454)
Other expenses	4	(267,727)	(234,007)
Surplus/(Deficit) before income tax		75,162	(149,835)
Income tax expense	1(b)	-	-
Total comprehensive income/(loss) for the year		75,162	(149,835)

The accompanying notes forms part of these financial statements

Statement of Financial Position
31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	699,611	463,825
Trade and other receivables	6	11,770	195,283
Inventories	7	-	3,780
Other assets	8	2,837	3,400
TOTAL CURRENT ASSETS		714,217	666,288
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,160	11,416
Intangible assets	10	31,678	42,562
TOTAL NON-CURRENT ASSETS		43,838	53,978
TOTAL ASSETS		758,055	720,266
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	74,216	104,642
Other liabilities	12	203,668	207,481
Employee benefits	13	147,643	143,335
TOTAL CURRENT LIABILITIES		425,528	455,458
NON-CURRENT LIABILITIES			
Employee benefits	13	7,191	14,634
TOTAL NON-CURRENT LIABILITIES		7,191	14,634
TOTAL LIABILITIES		432,719	470,092
NET ASSETS		325,336	250,174
EQUITY			
Retained earnings		325,336	250,174
TOTAL EQUITY		325,336	250,174

The accompanying notes forms part of these financial statements

Statement of Changes in Equity

For the Year Ended 31 December 2016

2016	Retained Earnings	Total
	\$	\$
Balance at 1 January 2016	250,174	250,174
Surplus for the year	75,162	75,162
Balance at 31 December 2016	<u>325,336</u>	<u>325,336</u>

2015	Retained Earnings	Total
	\$	\$
Balance at 1 January 2015	<u>400,009</u>	<u>400,009</u>
Surplus for the year	(149,835)	(149,835)
Balance at 31 December 2015	<u>250,174</u>	<u>250,174</u>

The accompanying notes forms part of these financial statements

Statement of Cash Flows
For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers and grants		1,355,430	873,982
Payments to suppliers and employees		(1,120,179)	(1,173,893)
Interest received		11,656	14,983
Finance cost		(3,761)	(3,454)
Net cash generated from operating activities		243,146	(288,382)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(7,360)	(1,364)
Payment for acquisition of intangible asset		-	(600)
Net cash used in investing activities		(7,360)	(1,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease commitments		-	-
Net cash generated by/ (used in) financing activities		-	-
Net increase/ (decrease) in cash held		235,786	(290,346)
Cash and cash equivalents at beginning of financial year		463,825	754,171
Cash and cash equivalents at end of financial year	5	699,611	463,825

The accompanying notes forms part of these financial statements

Notes to the Financial Statements

For the Year Ended 31 December 2016

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

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

The financial report was authorised for issue by the Board of Directors on 3 April, 2017.

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 and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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 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 stated otherwise.

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

(a) Revenue 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 for each of the activities noted below have been met.

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Summary of Significant Accounting Policies (continued)

(a) **Revenue and other income**

Donations

Donations and bequests are recognised as revenue when received.

Royalties

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

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

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

Other income

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

(b) **Income Tax**

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

(c) **Leases**

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

(d) **Goods and Services Tax (GST)**

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

Receivables and payable are stated inclusive of GST.

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Summary of Significant Accounting Policies (continued)

(e) **Intangibles**

Patents and trademarks

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

Software

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

(f) **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. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Goods held for distribution are measured at cost, adjusted for loss of service potential, if any.

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

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

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Summary of Significant Accounting Policies (continued)

(h) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Summary of Significant Accounting Policies (continued)

Impairment

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

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

Derecognition

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

(i) 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.

(j) Cash and cash equivalents

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Summary of Significant Accounting Policies (continued)

(k) Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(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) Trade and Other Payables

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

(n) Critical Accounting Estimates and Judgments

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Summary of Significant Accounting Policies (continued)

(n) Critical Accounting Estimates and Judgments (continued)

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.

2 Economic Dependence

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

3 Revenue and Other Income

	Note	2016 \$	2015 \$
Revenue			
Grant Revenue	(a)	771,013	762,077
Member subscriptions		88,512	83,658
Fundraising income		104,365	46,143
Donations		29,824	20,186
		<u>993,714</u>	<u>912,064</u>
Other revenue			
Other interest received		11,656	14,583
		<u>11,656</u>	<u>14,583</u>
Total Revenue		<u>1,005,370</u>	<u>926,647</u>
Other Income			
Royalties		911	1,149
Recoveries		17,502	17,988
Sales of publications		57,377	47,428
Speaker fees received		61,166	45,062
Service Fee (IAC)		20,000	17,692
Other income		9,591	10,938
Total Other Income		<u>166,547</u>	<u>140,257</u>
Total Revenue and Other Income		<u>1,171,917</u>	<u>1,066,904</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

(a) Grant revenue

	2016 \$	2015 \$
Grant revenue received from:		
Australia Council for the Arts	244,320	244,320
Attorney-Generals Department	120,000	120,000
Department of Communications and the Arts	55,000	94,000
Arts NSW	125,250	125,214
Creative Victoria	50,000	50,000
Arts Queensland	45,000	40,000
Department of Aboriginal Affairs WA	-	9,600
Department of Tourism & Culture - Arts NT	25,000	10,000
Department of Culture and the Arts WA	52,500	27,500
Arts ACT	11,000	10,000
Arts Tasmania	7,000	7,000
Film Victoria	5,000	5,000
Arts SA	9,443	4,443
Phonographic Performance Co of Australia	15,000	15,000
Copyright Agency Limited	2,500	-
Solicitors Trust Guarantee Fund - Tasmania	4,000	-
Total grant revenue	771,013	762,077

4 Result for the Year

Other expenses

Travel and accommodation	56,423	74,252
Repairs and maintenance	26,002	19,767
Rent	15,873	14,961
Fundraising	52,777	12,627
Communication	11,024	12,380
Consultancy	3,736	10,100
Film Production Expenses	6,123	10,000
Insurance	8,793	9,934
Audit Fees	9,000	9,040
Printing & Stationery	6,788	7,311
Subscriptions - trade associations	7,678	6,937
Library costs	7,227	6,879
Website Development	6,071	5,667
Cleaning	5,234	4,631
Annual report cost	2,181	4,327
Others	42,795	25,194
	267,727	234,007

Notes to the Financial Statements
For the Year Ended 31 December 2016

5 Cash and cash equivalents

	2016	2015
	\$	\$
Short-term bank deposits	539,111	357,456
Cash at bank	160,496	106,056
Cash on hand	4	313
	699,611	463,825

6 Trade and other receivables

CURRENT		
Trade receivables	11,215	194,647
Accrued revenue	555	636
Total current trade and other receivables	11,770	195,283

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

7 Inventories

CURRENT		
At cost:		
Goods held for distribution	-	2,386
At net realisable value:		
Goods held for sale	-	1,394
	-	3,780

8 Other assets

CURRENT		
Prepayments and deposits	2,837	3,400

9 Property, plant and equipment

Plant and equipment		
At cost	98,014	90,654
Accumulated depreciation	(85,854)	(79,238)
Total plant and equipment	12,160	11,416
Leasehold Improvements		
At cost	21,390	21,390
Accumulated amortisation	(21,390)	(21,390)
Total leasehold Improvements	-	-
Total property, plant and equipment	12,160	11,416

Notes to the Financial Statements

For the Year Ended 31 December 2016

9 Property, plant and equipment (continued)

Movements in Carrying Amounts

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

2016	Plant and Equipment \$	Total \$
Balance at the beginning of the year	11,416	16,582
Additions at cost	7,360	1,364
Depreciation expense	(6,616)	(6,530)
Carrying amount at the end of the year	<u>12,160</u>	<u>11,416</u>

10 Intangible Assets

	2016 \$	2015 \$
Patents, trademarks and other rights		
Cost	7,470	7,470
Accumulated amortisation and impairment	(4,652)	(3,388)
Net carrying value	<u>2,818</u>	<u>4,082</u>
Website development		
Cost	114,891	114,891
Accumulated amortisation and impairment	(86,031)	(76,411)
Net carrying value	<u>28,860</u>	<u>38,480</u>
Total Intangibles	<u>31,678</u>	<u>42,562</u>

2016	Patent, Trademark & Other Rights \$	Website Development \$	Total \$
Balance at the beginning of the year	4,082	38,480	42,562
Additions	-	-	-
Amortisation charge	(1,264)	(9,620)	(10,884)
	<u>2,818</u>	<u>28,860</u>	<u>31,678</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

11 Trade and other payables

	2016	2015
	\$	\$
CURRENT		
Trade payables	20,260	21,960
Employee related accruals	14,878	37,439
Sundry payables and accrued expenses	24,132	20,518
Corporate credit card	-	109
GST payable	14,947	24,616
	74,216	104,642

12 Other liabilities

Grants in Advance & Unexpended Grants

Myer Foundation	5,000	-
Other Grants	3,000	4,000
Total Grants in Advance	8,000	4,000
Australia Council for the Arts	122,160	122,160
Department of Communication and the Arts	30,000	25,000
DCA - WA Project	-	12,500
Copyright Agency	2,500	-
Total unexpended grants	154,600	159,660
Unearned Income		
Unearned subscription	39,190	39,276
Other unearned income	1,818	4,545
Total unearned income	41,008	43,821
Total other liabilities	203,668	207,481

13 Employee Benefits

Current liabilities		
Long service leave	58,823	45,375
Annual leave	88,820	97,960
	147,643	143,335
Non-current liabilities		
Long service leave	7,191	14,634
Total Employee Benefits	154,834	157,969

Notes to the Financial Statements

For the Year Ended 31 December 2016

13 Employee Benefits (continued)

2016	Employee Benefits	Total
Analysis of total provisions		
Opening balance at 1 January 2016	157,969	163,107
Additional provisions raised during year	33,878	37,236
Amounts used	(37,013)	(42,374)
Balance at 31 December 2016	154,834	157,969

Provision for employee benefits

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

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

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

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

14 Leasing Commitments

Operating leases

	2016	2015
Minimum lease payments:	\$	\$
- not later than one year	7,775	10,691
- between one year and five years	-	6,912
	7,775	17,603

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. Increase in lease commitments did occur in 2016 in line with the consumer price index (CPI), which had not been reflected in the 2015 comparative.

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 100 each towards meeting any outstanding obligations of the Company. At 31 December 2016, the number of members were 7 (2015: 8).

16 Key Management Personnel Compensation

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

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

	2016	2015
	\$	\$
Key management personnel compensation	<u>372,012</u>	<u>366,181</u>

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: None).

18 Other related party transactions

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

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

During the year, \$26,110 (2015: \$25,974) was paid to Rose Ayres as salaries and wages. Rose Ayres is the daughter of Robyn Ayres (Chief Executive Officer).

In addition, \$41,412 (2015: \$62,536) was paid to Suzanne Derry as salaries and wages. Suzanne Derry is the spouse of Navid Bahadori (Treasurer and Member of Finance Committee).

Notes to the Financial Statements

For the Year Ended 31 December 2016

19 Financial risk management

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

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

	Note	2016	2015
		\$	\$
Financial assets			
Cash and cash equivalents	5	699,611	463,825
Loans and receivables	6	11,770	194,647
Total financial assets		711,381	658,472
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	11	74,216	104,642
Total financial liabilities		74,216	104,642

Notes to the Financial Statements

For the Year Ended 31 December 2016

20 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

	2016	%	2015	%
	\$		\$	
Gross income from fundraising, donations and contributions	134,189		66,329	
Total cost of fundraising	52,777		12,627	
Net surplus from fundraising	81,412	60.7%	53,702	80.9 %
Total income	1,171,917		1,066,904	
Total expenditure	1,096,755		1,216,739	
Payments to Arts Law Centre of Australia fundraising as a percentage of total income	4.50 %		1.18 %	
Payments to Arts Law Centre of Australia fundraising as a percentage of total expenditure	4.81 %		1.08 %	

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.

21 Events Occurring After the Reporting Date

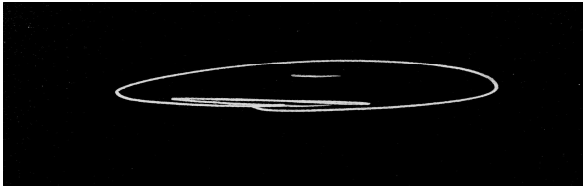
The financial report was authorised for issue on 3 April, 2017 by the Board of Directors. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 25, 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 2016 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 2016 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 2016 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 2016; 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.

A black rectangular box containing a white, handwritten signature that appears to read "Navid Bahadori".

Director:
Navid Bahadori

Dated 3 April, 2017.

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

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 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 of the matter described in the above paragraph, the accompanying financial report gives a true and fair view of the financial position of the company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with:

- a) Australian Accounting Standards- Reduced Disclosure Requirements; and
- b) Division 60 of the Australian Charities and Not for Profits Commission Act 2012, and the Australian Charities and Not for Profits Commission Regulations 2013.

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 the Entity gives a true and fair view of the financial result of the fundraising appeal activities for the financial year ended 31 December 2016;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the period 1 January 2016 to 31 December 2016, 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 2016 to 31 December 2016 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 the Entity will be able to pay its debts as and when they fall due.

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 Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012 (ACNC Act)* 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.

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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 2016, 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.

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 financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 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 <http://www.auasb.gov.au/Home.aspx>. 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 Entity 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.

W W VICK & CO
Chartered Accountants



Peter Vlahopol – Partner
Registered Company Auditor- No 4554
5th Floor, 379-383 Pitt Street
Sydney NSW 2000

Date 3 April, 2017.

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Arts Law Centre of Australia

ABN 71 002 706 256

Disclaimer

For the Year Ended 31 December 2016

The additional financial data presented on pages 31 - 32 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 2016. 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
5th Floor, 379-383 Pitt Street
Sydney NSW 2000

Date 3 April, 2017.

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