

Western Community Legal Centre Limited

ACN: 604 181 071

Financial report

For the year ended 30 June 2023

Pitcher Partners

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WESTERN COMMUNITY LEGAL CENTRE LIMITED

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DIRECTORS' REPORT

The directors present their report together with the financial report of Western Community Legal Centre Limited, the "company", for the year ended 30 June 2023 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Dana Nelson

Sarah Strapps

Stuart Brown

Patricia Crossin AM

Gregory Levine OAM

Meseret Abebe

Annamarie Rooding

Susanna King

Melissa Hardham

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

Results

The surplus of the company for the year after providing for income tax amounted to \$963,062 (2022: \$263,247). Note the surplus of \$963,062 includes revenue of \$425,356 which has been recognised at 30 June 2023 under AASB 1058 *Income of Not-for-Profit Entities*, but which represents funding for projects which will be delivered in the year ending 30 June 2024. If this revenue had been deferred to match the corresponding project expenditure, then the resulting surplus for the year ended 30 June 2023 would have been \$537,706.

Short-term and long-term objectives and strategies

The company's Short Term and Long Term Objectives are:

- 1. Embedding a coherent approach to systemic impact work, informed by, and integrated with, case work, education and community development.**
 - a. We have an evidence-based process to determine our impact areas, priorities, campaigns and areas of focus along with allocation of resources and these are reviewed periodically.
 - b. We generate and maintain an ethos of uncompromising strategic pursuit of client and community outcomes.
 - c. Our systemic impact work is collaborative and sits across all areas of our practice.

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DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

2. Designing an operating model, legal services and processes which are client-centred and provide clients with whole of person support.

- a. Our Operating Model reflects our approach to systemic impact work and responds to the needs of our community. This includes comprehensive triaging, and effective internal and external referral processes.
- b. Our legal service design:
 - ◆ is informed by our clients and/or community needs
 - ◆ ensures consistency and quality delivery.
- c. We work with partners who have a shared commitment to provide clients with comprehensive, ethical and holistic services.

3. Deepening our organisational culture to build capability, promote collaboration and deliver excellence.

- a. Our performance reflects and aligns with our vision, purpose and strategic priorities.
- b. We have a strengthened understanding as to how our organisation functions.
- c. We provide opportunities to evolve skills, expertise, leadership and career development.
- d. Our staff are engaged, motivated and have opportunities to flourish through work life balance.
- e. We prioritise staff wellbeing.
- f. Our diverse workforce reflects our diverse community.

4. Establishing internal systems and processes to strengthen our foundations.

We have built and/or consolidated the support functions including:

- Information systems.
- People function including recruitment, performance, promotions, reward, recognition and accountabilities.
- Reporting lines and responsibilities across the organisation.
- Internal and external communication.
- Risk management and quality assurance framework.

5. Build fiscal capability and sustainability .

- a. Our funding strategy is directed at medium and long-term sustainability and addresses fiscal needs including workforce security.
- b. We have established and maintained strong and impactful relationships with funders and stakeholders.
- c. We have influence regarding the manner in which funding is directed and allocated across government, trusts and philanthropic community.

DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

- d. We explore and research potential revenue streams.

Strategy for achieving short and long-term objectives

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

Client and Services

- Maintain priority client groups
- Identify new priority groups
- Refine outreach and night services
- Review use of technology

Law and Policy Reform

- Embed public interest culture and public interest response model
- Strengthen and expand stakeholder relationships
- Implement policy action plan
- Pursue recommendations in submissions and public interest reports

Our People

- Embed organisational structure
- Create professional development training program
- Review flexible workplace processes

Operational Processes

- Improve locations and coordination for maximum efficiency and collaboration
- Review and expand financial reserves
- Review financial base
- Implement and maintain policy register
- Review social media strategies

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DIRECTORS' REPORT

Principal activities

To carry out the company's strategies and to achieve its short-term and long-term objectives, the company engaged in the following principal activities during the year.

The principal activity of the company during the financial year was to provide free legal assistance and financial counselling for the benefit of people who live, work or study in the City of Maribynong, Wyndham, or Hobsons Bay and broader western suburbs.

The Centre assists individuals by:

- Providing free legal services
- Providing financial counselling services for people experiencing financial difficulties
- Referring people to other legal and social work services and community organisations where required
- Providing access to interpreter services where required
- Providing systematic advocacy, policy campaigns and implementing reform agendas

There were no significant changes in the principal activities of the Company during the year.

After balance date events

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.

Likely developments

The company expects to maintain the present status and level of operations.

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DIRECTORS' REPORT

Information on directors

Dana Nelson

Director

Qualifications

Master of Leadership and Innovation

Experience

Dana Nelson joined BGIS as the President and Managing Director, Asia Pacific in August 2019. In this role she leads a team of 1,500 people who deliver solutions in facilities management, technical services, project delivery, energy and sustainability, asset management, workplace advisory and real estate services. She oversees a portfolio of large Government, PPPs and major private sector clients including Department of Defence, Casey Hospital, Edith Cowan University, MCEC, Telstra, Rio Tinto, BP, Virgin Airlines and Western Power.

Dana has achieved great success in a number of Senior Executive roles in large, complex services organisations. Most recently with the Spotless Group, a multi-billion dollar integrated facilities services organisation with 36,000 employees in Australia and New Zealand. Throughout her 10 years at Spotless, Dana provided leadership as the Chief Operating Officer and ultimately Chief Executive Officer.

Special responsibilities

Chair of Board, Member of PCNC, Director of Mortgage Stress Victoria Limited

Sarah Strapps

Director

Qualifications

BA, LLB, Dip Legal Prac.

Experience

Sarah has practised as a lawyer for over 20 years specialising in corporate and commercial, M&A transactional, venture capital and digital law in both private practice and in-house and is currently Head of Legal for ANZx, ANZ's digital transformation business.

Volunteer lawyer of the Footscray Community Legal Centre 2004-2006. Member of the Footscray Community Legal Centre Committee of Management 2006 – 2015.

Special responsibilities

Member of PCNC

Stuart Brown

Director

Qualifications

CAANZ, GAICD, MBA, GradDip (Finance), BSC (Econ)

Experience

Stuart is an experienced commercial finance leader with a diverse professional background, including leadership roles in private equity, not-for-profit, NYSE and ASX listed organisations. He currently heads up the finance function for the Heart Foundation. Stuart has broad governance experience with many previous Board/governance council roles in both the corporate and not-for-profit sector. He is currently also a Board member at Barwon Coast.

Special responsibilities

Chair of FRAC

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DIRECTORS' REPORT

Information on directors (Continued)

Patricia (Trish) Crossin AM

Director

Qualifications

BEd, DipEd (Primary), MAICD

Experience

Trish is an experienced Director and has a strong background in sporting, community NFP and Government Boards. She is a former Senator and has held the positions of Deputy Whip, Temporary Chair of the Senate, Chair of the Senate Legal and Constitutional Committee. Trish was also employed by the Education Unions as the industrial officer specialising in Technical and Further Education and Higher Education.

In 2023, Trish was awarded an AM for services to the Parliament and the community of the NT. She established the NT Working Women's Centre and was the Founding Chairperson.

Trish's previous board positions include Directorship of the Indigenous Land and Sea Corporation, Australian Indigenous Agribusiness Company, Voyages Indigenous Tourism Pty Ltd, Anangu Foundation, President of Netball NT and Netball ACT, member of the Advisory Committee for Indigenous Eye Health at Melbourne University and is currently a Director on St Columba's College, Asthma Foundation NT, Wyndham City Council Reconciliation Advisory Committee, Gender Equity Victoria, and Gordon Institute of TAFE.

Special responsibilities

Member of FRAC

Gregory Levine OAM

Director

Qualifications

LL.B, Post-Grad. Dip. (Criminology)

Experience

Greg Levine currently serves as a Reserve Magistrate and was a Magistrate in the Children's Court of Victoria and Sunshine Magistrates Court for 35 years. Prior to this, Greg was a lawyer for 16 years.

In 2015, Greg was awarded an OAM for services to children, the judiciary, and legal organisations. In 2011, Greg was awarded a Churchill Fellowship to study Family Drug Treatment Courts (FDTC) in the United States. Greg was successful in developing the FDTC in Melbourne sitting at the Broadmeadows and Shepparton Children's Courts.

Greg is a Board Member for the Centre for Excellence in Child and Family Welfare; an Ambassador for the Big Brothers and Big Sisters Program; and the Chair of the Family Drug Treatment Court Steering Group.

Special responsibilities

Member of FRAC

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DIRECTORS' REPORT

Information on directors (Continued)

Meseret Abebe

Director

Qualifications

DipAcc, Dip Sociology, DipCW, BA (Community Development), GAICD

Experience

Meseret has been advocating for culturally and linguistically diverse communities since arriving in Australia and understands settlement and refugee issues. She has worked at a number of community organisations and is knowledgeable and engaged with the refugee community. She is passionate for community inclusion, empowering the disadvantaged section of our community and advocating for social justice.

Currently she is a responsive case manager for youth homelessness, leading and mentoring many young people. Meseret also sits on different community boards and serves the community at large.

Member of the Footscray Community Legal Centre Committee of Management 2007 – 2015.

Special responsibilities

Member of PCNC

Annamarie Rooding

Director

Qualifications

LLB (Hons), BSc (Psych), LLM (Labour Relations Law), GAICD

Experience

Annamarie Rooding is a Partner in the Employee Relations and Safety team at law firm, King & Wood Mallesons. There, she specialises in all aspects of employment law, with a particular focus on executive employment issues, people conduct issues including investigations and disciplinary matters, employment issues in M&A transactions, and whistleblowing. Annamarie recently returned to KWM after establishing her own firm specialising in people conduct issues, policies and whistleblowing. Prior to that, Annamarie spent nearly a decade in senior leadership roles at Tabcorp, where she led initiatives including contract and policies transformation and governance, and advised the Executive and Board on complex people and culture matters including investigations and whistleblowing.

Annamarie was a pro-bono director of the 50-50 Foundation Ltd until her retirement from that Board in December 2022. She is a moderator of various executive ethics and leadership colloquium programs at Cranlana Centre for Ethical Leadership.

Special responsibilities

Chair of PCNC

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DIRECTORS' REPORT

Information on directors (Continued)

Susanna (Susie) King

Director

Qualifications

LLB (Hons), BA (History and Fine Art), GAICD, Grad Dip (Courtauld Institute of Fine Art)

Experience

Susie is an Executive Director in the Consulting team of Social Ventures Australia, providing functional expertise in the areas of strategy, business planning, service design and scaling, as well leading SVA's family violence practice.

Susie joined SVA as after more than 15 years overseas working as a consultant for McKinsey & Company in London and the United States. Prior to joining McKinsey in Melbourne, Susie worked as a solicitor in a large corporate firm and as a policy advisor for two Health Ministers in the Victorian government. Susie is also Deputy Chair of the Board of the Brotherhood of St Laurence.

Special responsibilities

Chair of Mortgage Stress Victoria Limited

Melissa Hardham

Director

Qualifications

LLB, BA, GAICD

Experience

Melissa has practised in criminal law since 1996. She was involved in the early stages of the health justice partnership movement and is a passionate advocate of multidisciplinary approaches to complex problems. She has considerable experience in the community legal services sector. She has held senior leadership roles across a range of areas of social justice including disadvantaged youth, disability, mental health, drug and alcohol addiction and Indigenous affairs.

Melissa is a respected senior executive of broad experience and was appointed CEO of Westjustice in December 2019. She is also a Clinical Governance Committee Member with Orygen, a member of Women's Correctional Services Ministerial Advisory Committee, Sick Pay Guarantee Ministerial Advisory Committee, Women's Housing Alliance and a Board Director of Community Legal Centres Australia.

Special responsibilities

CEO, ex officio member of PCNC, FRAC, Director of Mortgage Stress Victoria Limited

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DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Dana Nelson	6	5
Sarah Strapps	6	4
Stuart Brown	6	6
Patricia Crossin AM	6	6
Gregory Levine OAM	6	6
Meseret Abebe	6	4
Annamarie Rooding	6	6
Susanna King	6	5
Melissa Hardham	6	6

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 to a maximum of \$10 each towards meeting any outstandings and obligations of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Signed on behalf of the board of directors.



Director:

Dana Nelson



Director:

Stuart Brown

Dated this

6th

day of

November

2023

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WESTERN COMMUNITY LEGAL CENTRE LIMITED

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



M J Harrison

Partner



PITCHER PARTNERS

Melbourne

Date: 8 November 2023

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Revenue and other income			
Revenue from contracts with customers	3	9,244,892	6,244,034
Other revenue	4	<u>34,806</u>	<u>7,927</u>
		<u>9,279,698</u>	<u>6,251,961</u>
Less: expenses			
Depreciation and amortisation expense	5	(203,399)	(264,499)
Employee benefits expense		(6,964,590)	(4,877,389)
Occupancy expense		(220,757)	(68,901)
Lease expense		23,606	(20,049)
Organisational expenses		(409,313)	(261,185)
Employment expenses		(80,930)	(85,281)
Other expenses		<u>(461,253)</u>	<u>(411,410)</u>
		<u>(8,316,636)</u>	<u>(5,988,714)</u>
Surplus before income tax expense		963,062	263,247
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u>963,062</u>	<u>263,247</u>

The accompanying notes form part of these financial statements.

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	6	5,826,896	4,334,889
Receivables	7	108,918	279,271
Other assets	8	<u>190,480</u>	<u>173,184</u>
Total current assets		<u>6,126,294</u>	<u>4,787,344</u>
Non-current assets			
Lease assets	9	486,311	298,488
Property, plant and equipment	10	<u>183,328</u>	<u>228,484</u>
Total non-current assets		<u>669,639</u>	<u>526,972</u>
Total assets		<u>6,795,933</u>	<u>5,314,316</u>
Current liabilities			
Payables	11	955,636	570,578
Lease liabilities	9	142,515	160,609
Provisions	12	692,297	688,733
Other liabilities	13	<u>2,004,829</u>	<u>2,139,645</u>
Total current liabilities		<u>3,795,277</u>	<u>3,559,565</u>
Non-current liabilities			
Lease liabilities	9	373,947	158,748
Provisions	12	<u>141,374</u>	<u>73,730</u>
Total non-current liabilities		<u>515,321</u>	<u>232,478</u>
Total liabilities		<u>4,310,598</u>	<u>3,792,043</u>
Net assets		<u>2,485,335</u>	<u>1,522,273</u>
Equity			
Reserves	14	425,356	140,000
Accumulated Surplus		<u>2,059,979</u>	<u>1,382,273</u>
Total equity		<u>2,485,335</u>	<u>1,522,273</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Reserves \$	Accumulated Surplus \$	Total equity \$
Balance as at 1 July 2021		-	1,259,026	1,259,026
Surplus for the year		-	<u>263,247</u>	<u>263,247</u>
Total comprehensive income for the year		-	<u>263,247</u>	<u>263,247</u>
Transfers		<u>140,000</u>	<u>(140,000)</u>	-
Balance as at 30 June 2022		<u>140,000</u>	<u>1,382,273</u>	<u>1,522,273</u>
Balance as at 1 July 2022		140,000	1,382,273	1,522,273
Surplus for the year		-	<u>963,062</u>	<u>963,062</u>
Total comprehensive income for the year		-	<u>963,062</u>	<u>963,062</u>
Transfers		<u>285,356</u>	<u>(285,356)</u>	-
Balance as at 30 June 2023		<u>425,356</u>	<u>2,059,979</u>	<u>2,485,335</u>

The accompanying notes form part of these financial statements.

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Cash flow from operating activities			
Receipts from customers		10,049,161	7,381,123
Payments to suppliers and employees		(8,378,764)	(6,041,192)
Interest received		27,780	5,055
Interest paid		<u>(23,606)</u>	<u>(20,049)</u>
Net cash provided by operating activities		<u>1,674,571</u>	<u>1,324,937</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		14,652	-
Payment for property, plant and equipment		<u>(30,332)</u>	<u>(10,435)</u>
Net cash used in investing activities		<u>(15,680)</u>	<u>(10,435)</u>
Cash flow from financing activities			
Repayment of lease (principal)		<u>(166,884)</u>	<u>(164,954)</u>
Net cash used in financing activities		<u>(166,884)</u>	<u>(164,954)</u>
Reconciliation of cash			
Cash at beginning of the financial year		4,334,889	3,185,341
Net increase in cash held		<u>1,492,007</u>	<u>1,149,548</u>
Cash at end of financial year	15(a)	<u>5,826,896</u>	<u>4,334,889</u>

The accompanying notes form part of these financial statements.

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Simplified Disclosures, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The financial report covers Western Community Legal Centre Limited as an individual entity. Western Community Legal Centre Limited is a company limited by guarantee, incorporated and domiciled in Australia. Western Community Legal Centre Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors at the date of the directors' report.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(c) Revenue from contracts with customers

The company derives revenue from government grants, as well as some other grant funding and service agreements in place. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, 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.

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 statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations

Donations are recognised as revenue when received.

Revenue from the provision of services

Revenue from the provision of services comprises revenue derived from the supply of legal staff and assistance at facilities such as schools. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations. Revenue from the provision of services is recognised over time, as performance obligations are satisfied, based on either costs incurred or service hours performed, consistent with the manner in which services are provided.

(d) Other revenue and other income

Interest

Interest revenue is measured in accordance with the effective interest method.

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

(e) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Employee benefits (Continued)

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

(g) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the company, and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(h) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Office equipment at cost	7-33%	Straight line
Furniture, fixtures and fittings at cost	7-33%	Straight line

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(k) Income tax

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

(l) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the company's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

WESTERN COMMUNITY LEGAL CENTRE LIMITED

ACN: 604 181 071

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The following outlines the major judgements made by management in applying the company's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(a) Revenue from contracts with customers

As discussed in Note 1(c), the company derives revenue from government grants, as well as other grant funding and service agreements in place. In accordance with Australian Accounting Standards, the company is required to determine whether it is appropriate to recognise revenue and other income in the financial year or to defer the recognition of revenue and other income until associated obligations and/or conditions (if any) are satisfied. In making this judgement, the company considers the guidance outlined in AASB 15 Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities and, in particular, whether the arrangement contains enforceable and sufficiently specific performance obligations. Where the company identifies the existence of enforceable and sufficiently specific performance obligations the recognition of revenue and other income is deferred until the identified obligations are satisfied.

(b) Leases assets and lease liabilities

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In order to measure a lease asset and corresponding lease liability, the company is required to make a determination of the lease term. This determination includes an assessment of whether the company is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. In making this judgement, the company considers all relevant facts and circumstances that create an economic incentive for the company to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date of the lease until the exercise date of the option.

(b) Long service leave provisions

As discussed in Note 1(e), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date.

(c) Estimation of useful lives of assets

Estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 1(h).

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 3: REVENUE RECOGNITION		
Government grant funding income	6,081,186	4,807,938
Other grant funding income	74,345	21,168
Philanthropic funded project income	<u>3,089,361</u>	<u>1,414,928</u>
	<u><u>9,244,892</u></u>	<u><u>6,244,034</u></u>
NOTE 4: OTHER REVENUE AND OTHER INCOME		
Interest income	27,780	5,055
Other revenue	<u>7,026</u>	<u>2,872</u>
	<u><u>34,806</u></u>	<u><u>7,927</u></u>
NOTE 5: OPERATING SURPLUS		
Surplus before income tax has been determined after:		
Depreciation		
- office furniture and equipment	60,836	59,974
- leased assets	142,563	204,525
Other lease expenses		
- Finance charges on lease	(23,606)	20,049
Employee benefits expense	6,964,590	4,877,389
Net loss on disposal of non-current assets		
- Loss on sale of property, plant and equipment	14,652	-
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash on hand	132	214
Cash at bank	4,058,814	3,574,329
Cash on deposit	<u>1,767,950</u>	<u>760,346</u>
	<u><u>5,826,896</u></u>	<u><u>4,334,889</u></u>
NOTE 7: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	88,778	260,131

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 7: RECEIVABLES (CONTINUED)		
Other receivables		
Bonds and security deposits	<u>20,140</u>	<u>19,140</u>
	<u>108,918</u>	<u>279,271</u>
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	46,664	24,035
Right of Reimbursement- Victorian Portable LSL Scheme	<u>143,816</u>	<u>149,149</u>
	<u>190,480</u>	<u>173,184</u>
NOTE 9: LEASE ASSETS AND LEASE LIABILITIES		
(a) Lease assets		
Buildings		
Under lease	657,535	575,426
Accumulated depreciation	<u>(171,224)</u>	<u>(276,938)</u>
Total carrying amount of lease assets	<u>486,311</u>	<u>298,488</u>
Reconciliations		
Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:		
<i>Buildings</i>		
Opening carrying amount	298,488	423,324
Additions	330,386	79,689
Depreciation	<u>(142,563)</u>	<u>(204,525)</u>
Closing carrying amount	<u>486,311</u>	<u>298,488</u>
(b) Lease liabilities		
CURRENT		
Property leases	<u>142,515</u>	<u>160,609</u>
NON CURRENT		
Property leases	<u>373,947</u>	<u>158,748</u>
Total carrying amount of lease liabilities	<u>516,462</u>	<u>319,357</u>

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
Office equipment at cost	368,584	406,780
Accumulated depreciation	<u>(228,001)</u>	<u>(231,616)</u>
	140,583	175,164
Furniture, fixtures and fittings at cost	92,999	92,999
Accumulated depreciation	<u>(50,254)</u>	<u>(39,679)</u>
	42,745	53,320
Total property, plant and equipment	<u><u>183,328</u></u>	<u><u>228,484</u></u>
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Office equipment</i>		
Opening carrying amount	175,164	213,888
Additions	30,332	10,435
Disposals	(14,652)	-
Depreciation expense	<u>(50,261)</u>	<u>(49,159)</u>
Closing carrying amount	<u><u>140,583</u></u>	<u><u>175,164</u></u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	53,320	64,135
Depreciation expense	<u>(10,575)</u>	<u>(10,815)</u>
Closing carrying amount	<u><u>42,745</u></u>	<u><u>53,320</u></u>
NOTE 11: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	372,881	42,467
Other creditors	23,641	-
GST credits	53,986	119,823
Other payables	456,913	334,241
Accrued expenses	<u>48,215</u>	<u>74,047</u>
	<u><u>955,636</u></u>	<u><u>570,578</u></u>

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 12: PROVISIONS		
CURRENT		
Employee benefits	<u>692,297</u>	<u>688,733</u>
NON CURRENT		
Employee benefits	<u>141,374</u>	<u>73,730</u>
NOTE 13: OTHER LIABILITIES		
CURRENT		
Deferred income	<u>2,004,829</u>	<u>2,139,645</u>
NOTE 14: RESERVES		
Committed expenditure reserve	14(a) <u>425,356</u>	<u>140,000</u>
	<u>425,356</u>	<u>140,000</u>
(a) Committed expenditure reserve		
The committed expenditure reserve is used to record funds received allocated for future years per contractual obligations.		
<i>Movements in reserve</i>		
Opening balance	140,000	-
Transfers	<u>285,356</u>	<u>140,000</u>
Closing balance	<u>425,356</u>	<u>140,000</u>
NOTE 15: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	132	214
Cash at bank	4,058,814	3,574,329
At call deposits with financial institutions	<u>1,767,950</u>	<u>760,346</u>
	<u>5,826,896</u>	<u>4,334,889</u>

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

Total compensation paid or payable to key management personnel	<u>1,562,337</u>	<u>1,278,436</u>
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NOTE 17: RELATED PARTY TRANSACTIONS

(a) Mortgage Stress Victoria Ltd

a) In the prior year, the Company established a new company limited by guarantee, Mortgage Stress Victoria Ltd that is intended to be a specialist service, helping Victorians in mortgage stress with free legal, financial counselling and social work support, to stay in their homes sustainably. The Company will overtime assume some of the responsibilities of Western Community Legal Centre Ltd, in relation to Victoria, under an existing funding instrument. The costs of establishment were incurred by the Western Community Legal Centre Ltd.

b) The Directors provide services on a pro bono basis. To the extent that Directors are also Key Management Personnel their remuneration is included in Note 16.

NOTE 18: ECONOMIC DEPENDENCE

A significant portion of the Company's revenue is obtained from government grants and funding (2023: \$6,081,186, 2022: \$4,807,938). The Company is economically dependent on continued government and other public instrumentalities of funding to maintain it's future operations, and is not aware of a reason these should cease.

NOTE 19: REMUNERATION OF AUDITORS

Remuneration of auditors for:

Pitcher Partners (Melbourne)

Audit and assurance services

- Audit of the financial report

Total remuneration of auditors

	<u>18,150</u>	<u>16,500</u>
	<u>18,150</u>	<u>16,500</u>

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ACN: 604 181 071

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2023, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2023, of the company.

NOTE 21: COMPANY DETAILS

The registered office of the company is:

Western Community Legal Centre Limited
Level 1
8 Watton Street
Werribee VIC 3030

The principal places of business are:

Western Community Legal Centre Limited
Level 1 / 8 Watton Street, Werribee VIC 3030

Western Community Legal Centre Limited
Visy Cares Hub, 80B Harvester Road, Sunshine VIC 3020

Western Community Legal Centre Limited
Workspace365, Level 2, 90 Maribyrnong St, Footscray VIC 3011

The principal activity of the company during the financial year was to provide free legal assistance and financial counselling for the benefit of people who live, work or study in the City of Maribyrnong, Wyndham, or Hobsons Bay.

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 11 - 26, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (a) complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2023 and 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 is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2022*.



Director: _____
Dana Nelson



Director: _____
Stuart Brown

Dated this 6th day of November 2023

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ACN: 604 181 071

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WESTERN COMMUNITY LEGAL CENTRE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Western Community Legal Centre Limited, "the Company", which comprises the statement of financial position as at 30 June 2023, 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.

In our opinion, the accompanying financial report of Western Community Legal Centre Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for 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 *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 (including Independence Standards)* "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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, 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

WESTERN COMMUNITY LEGAL CENTRE LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WESTERN COMMUNITY LEGAL CENTRE LIMITED

Other Information (Continued)

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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

WESTERN COMMUNITY LEGAL CENTRE LIMITED
ACN: 604 181 071

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WESTERN COMMUNITY LEGAL CENTRE LIMITED

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



M J Harrison

Partner



PITCHER PARTNERS

Melbourne

Date 8 November 2023

- 30 -

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196, Level 13, 664 Collins Street, Docklands, VIC 3008

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