Aboriginal Legal Service of Western Australia Limited
ACN 617 555 843

Financial Report 2017

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Directors' Report

In respect to the financial report of the Aboriginal Legal Service of Western Australia Limited ("ALSWA" or "the Company") of the financial year ended 30 June 2017.

1. Responsible Directors
The following persons were directors of the Aboriginal Legal Service of Western Australia Limited during the entire financial year:

- Mr Michael Blurton
- Mr Glen Colbung
- Ms Kathy Watson
- Mr Jim Lewis
- Mr Preston Thomas
- Mr Paul Baron
- Mr Donald Abdullah

2. Directors' details

Michael Blurton was appointed as an Initial Elected Director on registration of the Company as a public company limited by guarantee on 10 March 2017. He previously served as an Executive Committee member for 13 years. He is a Ballardong Noongar man from the wheat belt town of Quairading. His involvement with the organisation spans back to the 1970s when he worked as a field/court officer. Michael supports and promotes the vital role that the Company plays in striving for justice and support for Aboriginal and Torres strait Islander people within the legal justice system.

Glen Colbung was appointed as an Initial Elected Director on registration of the Company as a public company limited by guarantee on 10 March 2017. He previously has been an Executive Committee member since 2015. He has been involved with the organisation for more than 20 years. He is a Noongar man from Albany in the south west of the state. Glen is greatly committed to maintaining a strong legal service for our people and looks forward to contributing to the Company's future.

Preston Thomas was appointed as an Initial Elected Director on registration of the Company as a public company limited by guarantee on 10 March 2017. He previously has been a member of the Executive Committee since 2006. He is from Laverton and has lived in Kanpa Community for over 20 years. Preston has also had a long affiliation with the organisation. Preston is deeply committed to the issues facing our people and will support the vital work undertaken by the Company for the benefit of the Aboriginal and Torres Strait people.

Kathy Watson was appointed as an Initial Elected Director on registration of the Company as a public company limited by guarantee on 10 March 2017. She had previously been an Executive Committee member since 2011. Kathy is from Broome in the west Kimberley. She is passionate about legal issues for our community, she would like to see more cultural input into court matters, particularly with in court districts.

Donald Abdullah was appointed as an Initial Elected Director on registration of the Company as a public company limited by guarantee on 10 March 2017. He previously had been an Executive Committee member since 2015. He is a Wongi man from Esperance on the south east coast of Western Australia. Donald is dedicated to supporting Aboriginal and Torres Strait Islander People and feels strongly about keeping our young people out of prison. He is also supportive of women who face domestic violence and providing guidance on legal matters.

Jim Lewis was appointed as a Co-Opted Director on registration of the Company as a public company limited by guarantee on 10 March 2017. He is a Gija man from Wyndham. He previously served as the Treasurer of the ALSWA Inc. for the past 2.5 years prior to the transition of ALSWA to a company limited by guarantee. He has vast experience with various aboriginal companies and enterprises.

Paul Baron was appointed as a Co-Opted Director on registration of the Company as a public company limited by guarantee on 10 March 2017. He is a Yamatji man from Carnarvon. He previously served as an executive committee member of ALSWA Inc. for the past 2.5 years prior to the transition of ALSWA to a company limited by guarantee. Paul brings a great deal of experience and commitment and has offers himself as a candidate to serve as a Co-opted Director.

3. Principal Activities

The ALSWA is public company incorporated under the *Corporations Act* 2001 on 10 March 2017 (formerly an association incorporated under the Western Australia's Associations Incorporations Act 1987).

The principal activity is to provide legal service to disadvantaged and under-privileged Aboriginal and Torres Strait Islander People of Western Australia.

4. Results

The Company made a profit of $118,640 (2016: profit $229,003).

5. Review of Operations

The Company's revenue for the year ended 30 June 2017 was $13,686,120 (2016: $13,351,937, an increase of 2.50% (2016: decrease 10.62%) over the previous year.

7. Change in State of Affairs

The Association successfully transitioned to a public company limited by guarantee registered under the Corporations Act 2001 on 10 March 2017.

8. Contribution in Winding Up

The Company is incorporated under the Corporations Act 2001 as a public company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. As 30 June 2017, the total amount that members of the Company are liable to contribute if the Company is wound up is $150 (2016: Nil).

9. Future Developments

The Company plans to continue with its principal activities as noted above in the foreseeable future.

10. Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director is as follows:

	No meetings entitled to attend	No meetings attended
Michael Blurton	4	4
Glen Colbung	4	4
Kathy Watson	4	2
Jim Lewis	4	4
Preston Thomas	4	3
Paul Baron	4	3
Donald Abdullah	4	4

11. Insurance of Officers

During the financial year the Company paid a premium of $12,980 to insure the directors, secretary and officers of the Company.

The liabilities insured are the legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company.

No liability has arisen under this indemnity as at the date of this report.

12. Events Subsequent to Balance Date

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

(a) The Company's operations in future financial years, or
(b) The results of those operations in future years, or
(c) The Company's state of affairs in future financial years.

13. Environmental Regulations

The Company complies with the Environmental Protection Act 1996. It has not contravened any of its regulations during the financial year.

14. Independent Auditor's Independence Declaration

The lead auditor's independence statement is set out on page 2 and forms part of the directors' report for the year ended 30 June 2017.

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

Chairman

Perth, Western Australia
Date: 21 September 2017

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Board of Directors
Aboriginal Legal Services of Western Australia Limited
7 Aberdeen Street
EAST PERTH, WA 6000

21 September 2017

Dear Directors

Aboriginal Legal Services of Western Australia Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Aboriginal Legal Services of Western Australia Limited.

As lead audit partner for the audit of the financial statements of Aboriginal Legal Services of Western Australia Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountant

Deloitte.

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Independent Auditor's Report to the Board of Directors of Aboriginal Legal Services of Western Australia Limited and the Attorney-General's Department

Opinion

We have audited the financial report of Aboriginal Legal Services of Western Australia Limited (the "Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 7 to 27.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 auditor independence requirements of the *Corporations Act 2001* 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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:

- Identify and assess the risks of material misstatement of the 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.

Deloitte.

- 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 recipient'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 recipient'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 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 recipient to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the report, including the disclosures, and whether the 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 21 September 2017

Financial Statement

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	2	13,686,120	13,351,937
Depreciation and amortisation expenses	3	287,964	410,779
Electricity & Gas expense		64,759	74,198
Employee Benefits expense		9,793,216	9,416,086
Information technology		105,907	165,444
Library resources		135,207	125,731
Office expenses		132,594	135,743
Other expenditure		941,579	700,270
Property expenses		125,024	169,177
Rent		905,340	869,234
Lease expenses		373,099	424,892
Royal commission		-	5,985
Telephone & internet		133,016	166,835
Training		53,865	39,430
Travel and accommodation		515,910	419,130
Profit before income tax		118,640	229,003
Income tax (expense) / benefit		-	-
Profit after income tax attributable to the members of ALSWA		118,640	229,003
Other comprehensive income/(loss)			
Fair value movement in land and buildings		-	(274,843)
Income tax relating to components of other comprehensive income			-
Total comprehensive income/(deficit) for the period		118,640	(45,840)

The above statement should be read in conjunction with the accompanying notes.

Financial Statement

Statement of Financial Position
As at 30 June 2017

	Note	2017 $	2016 $
Current Assets			
Cash and cash equivalents	6	7,724,254	7,264,833
Receivables	7	255,236	226,485
Total Current Assets		7,979,490	7,491,318
Non-Current Assets			
Property, plant & equipment	8	3,660,108	3,910,376
Total Non- Current Assets		3,660,108	3,910,376
Total Assets		11,639,598	11,401,694
Current Liabilities			
Accounts Payable	9	493,343	412,394
Provisions	10	2,206,019	1,960,459
Unexpended Grants	11	673,951	711,653
Borrowings & interest bearing liabilities	12	144,070	116,406
Total Current Liabilities		3,517,383	3,200,912
Non-Current Liabilities			
Provisions	13	335,321	451,174
Borrowings & interest bearing liabilities	14	73,097	154,611
Total Non-Current Liabilities		408,418	605,785
Total Liabilities		3,925,801	3,806,697
Net Assets		7,713,797	7,594,997
Equity			
Retained Earnings		4,548,832	4,430,192
Asset revaluation reserve		602,678	602,678
Discretionary reserves	15	2,562,287	2,562,127
Total Equity		7,713,797	7,594,997

The above statement should be read in conjunction with the accompanying notes.

Financial Statement

Statement of Changes in Equity
For the year ended 30 June 2017

	Note	2017 $	2016 $
Retained earnings			
Balance at the beginning of the financial year		4,430,192	5,473,300
Total comprehensive income/(deficit)for the year		118,640	(45,840)
Transfer to discretionary reserve		-	(829,633)
Transfer to unexpended grants		-	(151,656)
Prior Period Adjustment		-	(15,979)
Balance at the end of the financial year		4,548,832	4,430,192
Discretionary reserves			
Balance at the beginning of the financial year		2,562,127	1,744,495
Transfer from retained earnings		-	1,013,314
Reduction in reserve		-	(195,682)
Members' Equity		160	-
Balance at the end of the financial year		2,562,287	2,562,127
Asset revaluation reserve			
Balance at the beginning of the financial year		602,678	701,618
Movement during the year		-	(98,940)
Balance at the end of the financial year		602,678	602,678
Total equity at the end of the financial year		7,713,797	7,594,997

The above statement should be read in conjunction with the accompanying notes.

Financial Statement

Statement of Cash Flows
For the year ending 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Grants received		12,661,189	12,994,614
Payments to suppliers and employees		(12,334,304)	(12,813,262)
Interest received		188,201	144,743
Interest paid		(10,859)	(17,287)
Rent received		26,458	42,849
Sundry Income		45,750	-
Net cash provided by operating activities	20	576,435	351,657
Cash flows from investing activities			
Payment for the purchase of property, plant & equipment		(52,871)	(6,493)
Net cash(used in investing activities		(52,871)	(6,493)
Cash flows from financing activities			
Repayments of borrowings		(74,688)	(68,669)
Advance from Browne's Trust		10,385	-
Members' contribution		160	-
Net cash used in financing activities		(64,143)	(68,669)
Net increase in cash and cash equivalents held		459,421	276,495
Cash and cash equivalents at beginning of the financial year		7,264,833	6,988,338
Cash and cash equivalents at the end of the financial year	6	7,724,254	7,264,833

The above statement should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, including Australian Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the Aboriginal Legal Service of Western Australia Limited (the "Company"). The Company is a not for profit company incorporated and domiciled in Western Australia.

The following summary of the material accounting policies adopted by the Company in the presentation of the financial report, and have been consistently applied, unless otherwise stated.

(a) Basis of preparation
The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Convention
The financial report has been prepared on an accrual basis and under the historical cost convention and do not take in to account current valuations of non-current assets, except for land and buildings that are measured at revalued amounts or fair value as explained in accounting policy 1(j) below.

Going Concern
The financial report has been prepared on a going concern basis.
The Company is dependent upon the ongoing receipt of Commonwealth Government grants (Commonwealth Department of Attorney General) and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report, the executive committee has no reason to believe that this financial support will not continue.

(b) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of the association are measured using the currency of the Primary economic environment in which the Company operates ("the functional currency").

The financial statements are presented in Australian dollars, which is the Aboriginal Legal Service of Western Australia's functional and presentation currency.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount can be reliability measured, the collection is probable and when criteria for each of the Company's different activities have been met and described as follows:

(i) Government grants
A number of the Company's activities are supported by grants received from federal, state and local governments or agencies. Grants are recognised on a systematic basis over the period in which the Company recognises as expenses the related costs or which the grants are intended to compensate.
If conditions are attached to a grant, which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services performed and at year-end a liability is recognised until the service is delivered.

Where a grant is required to be repaid if certain conditions are not satisfied, a liability is recognised at year-end to the extent that conditions remain unsatisfied.

(ii) Sale of goods
A sale is recorded when goods have been despatched to a customer and associated risks have passed to the carrier or customer.

(iii) Provision of services
Revenue from the provision of services is recognised in the period in which the customer obtains the benefit of the service.

(iv) Gifts and donations
Gifts and donations are recognised at their fair value when the Company obtains control, economic benefits are probable and the amount of the donation can be reliably measured.

(v) Interest income
Interest income is recognised on an accrual basis using the effective interest method.

(d) Operating expenses
Operating expenses including expenses relating to the grants, are recognises on an accrual basis.

(e) Income Tax
The Company is exempt from paying income tax under Div. 50 of the *Income Tax Assessment Act 1997.*

1. Summary of significant accounting policies (continued)

(f) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(g) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 components of investing and financing activities, which are disclosed as operating cash flows.

(h) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade and other receivables
Trade receivables are recognised at original invoice value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally settled in 30-60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

(j) Property, Plant and equipment
(i) Revaluation Basis
Land held for use in production or administration is stated at re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers' once every three years or more frequently if market factors indicate a material change in fair value. The last external valuation date for each property is set out in Note 8.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

(ii) *Cost basis*
All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amounts of all fixed assets, other than freehold land, are depreciated over their estimated useful lives using the straight-line method.

Leasehold improvements are amortised over the unexpired period of the lease or the lease or the useful life, whichever is the shorter.

The following estimate of useful lives has been applied:

- Buildings: 25 years
- Furniture & fittings: 5 years
- Improvement residential properties: 5 years
- Motor vehicles: 4 years
- Capital & lease hold improvements: 4 years
- Computer equipment: 3 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re valued assets are sold, it is the Company's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

1. Summary of significant accounting policies (continued)

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(iii) *Low value asset capitalisation*
Low value asset items costing less than $2,000 are expensed immediately.

(k) Impairment of assets
At each reporting date, the Company reviews the carrying value of its tangible assets to determine
whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and the value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

(l) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year, which are unpaid. These amounts are unsecured and are usually paid within 30 - 60 days of recognition. These are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(m) Borrowings
Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

(n) Employee benefits
(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non - monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.
Annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities as a provision.

(ii) Long service leave and sick leave
The liability for long service and sick leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are estimates of the probability of payout based on length of employee service and past historic trends.

(iii) Retirement benefit obligations
Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Liabilities recognised for salaries and wages are recognised in payables. Unpaid liabilities recognised for annual leave, long service leave and sick leave entitlement are recognised in provisions.

(o) Provisions, contingent liabilities and contingent assets
Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(p) Unexpended grants - deferred income
The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or

1. Summary of significant accounting policies (continued)

the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current liability.

(q) Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated useful life of property, plant & equipment.
Management determines the estimated useful life of depreciable assets, based on the expected useful life of the asset and this could change significantly as a result of technical innovations. Management will increase the depreciation charge where useful lives are less than previously estimated. Technically obsolete or non-strategic assets that have been abandoned or disposed of will be written down or written off.

(ii) Impairment
The Company accesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.
The Company applies the revaluation model to measure its land and buildings. This requires that the fair value of the asset be assessed on a regular basis. Independent external property valuers are engaged every 3 years or sooner if required to assess the fair value.

(iii) Long service leave and sick leave entitlements
The measurement of the provision for long service leave and sick leave entitlements require that the Company make an estimate of the payout likely to occur in the future. Management applies a probability factor to the likelihood of a payout based on the length of service and past historic trends of employees continuing employment.

1. Summary of significant accounting policies (continued)

(r) Accounting Standards issued but not yet effective and have not been adopted

In preparing financial statements an entity is required to disclose information with respect to new Standards and Interpretations that have been issued but are not yet adopted. The Company is in the process of considering the financial impact of the new accounting standards and interpretations not adopted.

Date issued	**Standard/Interpretation**	**Effective for annual reporting periods beginning on or after**	**Applicable for year ended 30 June 2017**
Mar 2016	AASB 16 *Leases*	1 January 2019	Optional 30 June 2020
Dec 2016	AASB 1058 *Income of Not-for-Profit Entities*, AASB 1058 *Income of Not-for-Profit Entities (Appendix D)*, AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	1 January 2019	Optional 30 June 2020
Dec 2016	AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	1 January 2017	Optional 30 June 2018

2. Revenue	Note	2017 $	2016 $
Income			
Grant income		12,560,274	12,358,152
Indigenous Legal Assistance Programme Grant		174,677	170,992
Expensive Indigenous Criminal Cases Grant		20,538	72,287
Data Standardisation Grant		27,712	37,920
Youth Justice Grant		256,598	-
		13,039,799	12,639,351
Other income			
Rental		26,457	42,849
Recovery of costs		337,496	256,303
Interest		216,952	165,176
Other		65,416	248,258
		646,321	712,586
		13,686,120	13,351,937

3. Expenses

Profit before income tax included the following expenses:

Expenses		
Depreciation		
Land and buildings	133,579	207,869
Leasehold improvements	36,191	38,463
Plant and equipment	117,127	160,261
Motor vehicles	1,067	4,186
Total Depreciation	287,964	410,779

4. Auditor's remuneration

	Note	2017 $	2016 $
Remuneration for audit of the financial reports of the Company:			
Deloitte Touche Tohmatsu		36,000	28,800
Total remuneration		36,000	28,800
Advisory Services			
Taxation		-	3,000
		-	3,000
Total remuneration		36,000	31,800

5. Directors' remuneration

Income paid or payable, or otherwise made available, to directors by the Company and related parties in connection with the management of the affairs of the Company.

Short term employee benefits		-	-

6. Current assets - Cash and cash equivalents

Cash at bank and on hand		1,661,227	1,421,031
Term deposits	(i)	463,027	449,502
Deposit at call	(ii)	5,600,000	5,394,300
		7,724,254	7,264,833

(i) Term Deposits
The term deposits are bearing interest at a rate of 2.40% (2016 - 2.75%)

(ii) Deposits at call
The deposits are bearing interest at a rate of 2.40% (2016 - 2.75%)

7. Current assets - Receivables

Trade Debtors and accrued income		33,457	24,464
Security Bonds		32,866	32,867
		66,323	57,331
Prepayments		188,913	169,154
		255,236	226,485

8. Non-current assets property, plant & equipment

	Note	2017 $	2016 $
Freehold land & buildings @ valuation	(a)	3,685,000	3,685,000
Accumulated depreciation		(132,731)	-
		3,552,269	3,685,000
Leasehold improvements at cost		1,000,107	986,047
Less: Accumulated amortisation		(970,765)	(933,726)
		29,342	52,321
Plant & equipment at cost		1,214,309	1,201,514
Less: Accumulated amortisation		(1,135,812)	(1,029,526)
		78,497	171,988
Motor vehicles at cost		-	16,745
Less: Accumulated depreciation		-	(15,678)
		-	1,067
Total property, plant & equipment		3,660,108	3,910,376

Fair value of land and buildings

Location		Valuation Date	Valuation $	Asset revaluation reserve @ 30 June 2017 $	Asset revaluation reserve @ 30 June 2016 $
Lots 10 & 7 Aberdeen St, Perth WA		13/4/2016	1,090,000	215,866	215,866
Lots 12 & 7 Aberdeen St, Perth WA		13/4/2016	690,000	194,119	194,119
60 Egan St, Kalgoorlie WA		24/5/2016	400,000	129,608	129,608
24 Hibiscus Drive, Kununurra WA	(a)	14/4/2016	470,000	47,329	47,329
4/30 Bourke St, Piccadilly WA	(a)	15/4/2016	290,000	15,756	15,756
11 Wallaby Way, Broome WA(a)	(a)	29/4/2016	460,000	-	-
10/4 Reynolds St, South Headland WA	(a)	09/5/2016	285,000	-	-
			3,685,000	602,678	602,678

(a) Residential properties acquired under a grant from the department of Attorney General. The Department of the Attorney General has caveated that such properties to be used specifically to accommodate staff of the Association rendering legal services

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and the end of the current financial year are set out below.

	Freehold land & Buildings	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$
Carrying amount at 30 June 2015	4,264,638	93,013	332,493	5,253	4,695,398
Additions	2,013	4,481	-	-	6,493
Disposals	-	(11,316)	(157,224)	-	(168,540)
Depreciation expense	(207,869)	(38,463)	(160,261)	(4,186)	(410,779)
Depreciation on disposals	-	4,607	156,978	-	161,586
Impairment expense	(373,782)	-	-	-	(373,782)
Carrying amount at 30 June 2016	3,685,000	52,321	171,988	1,067	3,910,376
Additions	-	14,060	38,811	-	52,871
Disposals	-	-	(26,016)	(16,745)	(42,761)
Depreciation expense	(132,731)	(37,039)	(117,127)	(1,067)	(287,964)
Depreciation on disposals	-	-	10,841	16,745	27,586
				-	
Impairment expense	-	-	-	-	-
Carrying amount at 30 June 2017	3,552,269	29,342	78,497	-	3,660,108

9. Current Liabilities - Accounts payable

	Note	2017 $	2016 $
Unsecured:			
Accrued expenses		231,777	92,893
Taxes Payable		138,127	77,091
Superannuation payable		69,565	59,018
Other payables		53,874	183,392
		493,343	412,394

10. Current Liabilities - Provisions

Employee Entitlements:		
Annual Leave	1,065,551	1,078,826
Long Service Leave	671,255	395,967
Sick Leave	469,213	453,699
Termination	-	31,967
	2,206,019	1,960,459

11. Current Liabilities - Unexpended grant

	Notes	2017 $	2016 $
Indigenous Legal Assistance Program Grant		431,695	330,780
Myer Yinhawangka Charitable Grant		8,862	12,171
Employee of the year grant		1,586	1,586
Kids out of detention		10,000	10,000
Youth Justice Program		221,808	134,189
Expensive Indigenous Criminal Cases Grants		-	20,539
Data Standardisation		-	27,713
Unexpended frontline services		-	174,675
		673,951	711,653

12. Current Liabilities - Interest bearing liabilities

	Notes	2017	2016
Secured property loan	(a)	80,063	73,239
Corporate credit cards		64,007	43,167
		144,070	116,406

(a) Being an amortising principal & interest variable & fixed rate loan facility with Bankwest, which was renegotiated on 3 September 2013. Expiry date of this facility is 3 April 2019. The facility was fixed rate for the initial 12 months and has converted to a low rate variable loan. The interest payable charges at the business low rate plus 0.55% pa. The covenants within the loan facility requires that the total bank debt does not exceed $426,885. Secured by a first ranking registered mortgage over Lots 2 and 12, 7 Aberdeen Street, Perth 6000 and lot 60 Egan Street, Kalgoorlie WA 6430 and a first ranked fixed and floating charge over the assets and undertakings of the Company.

13. Non - Current Liabilities - Provisions

	2017 $	2016 $
Employee Entitlements:		
Long Service Leave	335,321	451,174
	335,321	451,174

14. Non - Current Liabilities - Interest bearing liabilities

	Notes	2017	2016
Secured property loan	(a)	73,097	154,611

(a) Non- current portion of bank loan referred to in note 12(a)

15. Discretionary Reserves	Notes	2017 $	2016 $
Residential Property Reserve			
Opening balance		83,873	43,302
Increase		-	40,571
Decrease		-	-
Closing balance	(i)	83,873	83,873
Long Service Leave Reserve			
Opening balance		672,000	550,000
Increase		-	122,000
Decrease		-	-
Closing balance	(ii)	672,000	672,000
Asset Replacement Reserve			
Opening balance		520,077	520,077
Increase		-	-
Decrease		-	-
Closing balance	(iii)	520,077	520,077
Redress Reserve			
Opening balance		-	183,682
Increase		-	-
Decrease		-	(183,682)
Closing balance	(iv)	-	-
Kalgoorlie Property Reserve			
Opening balance		392,037	392,037
Increase		-	-
Decrease		-	-
Closing balance	(v)	392,037	392,037
Special Projects Reserve			
Opening balance		55,396	55,396
Increase		-	-
Decrease		-	-
Closing balance	(vi)	55,396	55,396
Contract Reserve			
Opening balance			-
Increase		838,744	850,744
Decrease		-	(12,000)
Closing balance	(vii)	838,744	838,744
		-	-
		160	-
		-	-
		160	-
		2,562,287	2,562,127

(i) Residential property reserve is for the repairs and maintenance and improvement of residential properties owned by the Company and which are caveated by the Attorney General department for specific purpose. The reserve increases annually from rents received and decreases as expenses are incurred.

(ii) Long service leave reserve declares the reserves required by the Company to satisfy current employee entitlement liability.

(iii) Asset replacement reserve is used to offset future capital purchase requirements that may arise.

(iv) Redress reserve is the residual surplus of the redress program and monies are set aside for future redress needs.

(v) Kalgoorlie property reserve recognises the probability of the development of a future building on the Company's freehold land in Kalgoorlie.

(vi) Special projects reserve is created from non-Attorney General Department surplus funds to be used for special projects in the future.

(vii) Contract reserve being the surplus retained from "Legal Services Contract Tenders" 2004 to 2011 identified and preserved for future projects.

Reserves are created by prudential financial decision making by the executive committee and senior management and reflect the planned use of accumulated funds. Funds will be released back to retained earnings should the need no longer exist.

16. Contingent Liabilities

The Company was a party to a contract, on a fee for service basis, with the Commonwealth Attorney Generals Department, for the provision of legal services during the period 2004 to 2011. Surplus funds were retained following the successful delivery of the agreed services. A contract reserve within the discretionary reserves has been established to identify and preserve the funds earned by the Company - Note 15 (vii)

17. Commitments for expenditure	2017 $	2016 $
Lease commitments Aggregate operating lease expenditure in respect of buildings and plant and equipment contracted for at balance date but not provided for in the accounts:		
Payable no later than one year	756,818	976,514
Payable later than one, but no later than five years	1,061,105	274,201
Payable later than five years	-	-
	1,817,923	1,250,715

There is no significant capital expenditure contracted for at the end of the reporting period (2016: Nil)

18. Financial risk management and policies

The Company's principal financial instruments comprise cash and short-term deposits, receivables, payables, and bank loans.
The Company manages its exposure to key financial risks, including interest rate risk, in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. Monitoring of specific credit allowances is undertaken to manage credit risk.

Primary responsibility for identification and control of financial risks rests with the Executive Committee.
Unless otherwise stated the Company does not have any derivative instruments.
Each of the risks are identified as follows:

Risk exposures and responses

(a) Interest rate risk
The Company's exposure to interest rate risks relates to short-term deposit and long term borrowings. Short-term deposits form part of the cash and cash equivalents that bear fixed interest rates on maturity. Borrowings form part of the current and non-current interest bearing liabilities. Borrowings are contracted at variable rates.

		2017 $	2016 $
Financial Assets			
Cash & cash equivalents	6	7,724,254	7,264,833
Receivables	7	66,323	57,331
Total Financial Assets		7,790,577	7,322,164
Financial Liabilities			
Accounts payable		1,167,294	1,124,047
Borrowings & Interest bearing liabilities		217,167	271,017
Total Financial Liabilities		1,384,461	1,395,064
Net Financial Assets		6,406,116	5,927,100

(b) Credit risk
Credit risk is the risk that a counterparty fails to pay or discharge an obligation to the Company. The Company does not have significant credit risk exposure to any counter party(s) under financial instruments entered into by the Company. The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date. The Company constantly monitors defaults of clients and other counterparties.

(c) Liquidity risk
Liquidity risk management involves maintaining sufficient cash and the availability of funds to satisfy debts as and when they fall due and payable. Management effectively manages the Company's liquidity needs by monitoring forecast cash flows, following up trade and other receivables and ensuring that adequate credit facilities are maintained.

(d) Market risk
The Company is exposed to market risk through its use of financial assets and specifically to interest rate and certain price risks, which result from both its operating and short-term deposit investing activities.

(e) Sensitivity Analysis
As at reporting date the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017 $	2016 $
Change in profit		
Increase in interest rates by 1%	79,414	69,938
Decrease in interest rates by 1%	(79,414)	(69,938)
Change in equity		
Increase in interest rates by 1%	(79,414)	(69,938)
Decrease in interest rates by 1%	79,414	69,938

No sensitivity analysis has been performed on foreign exchange risk, as the Company is not exposed to foreign exchange fluctuations.

(f) Maturity analysis
The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Financial assets and liabilities are considered in the Company's liquidity risk.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Financial Assets								
Cash and cash equivalents	7,724,254	7,264,833	-	-	-	-	7,724,254	7,264,833
Trade receivables	66,323	57,331	-	-	-	-	66,323	57,331
	7,790,577	7,322,164	-	-	-	-	7,790,577	7,322,164
Financial Liabilities								
Trade and other payables	1,167,294	1,124,047	-	-	-	-	1,167,294	1,124,047
Borrowings and Interest bearing liabilities	144,070	116,406	73,097	154,611	-	-	217,167	271,017
	1,311,364	1,240,453	73,097	154,611	-	-	1,384,461	1,395,064
Net maturity	6,479,213	6,081,711	(73,097)	(154,611)	-	-	6,406,116	5,927,100

The Company monitors liquidity reserves regularly on the basis of expected cash flows. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements, the fair value of which are materially equal to their carrying values.

19. Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, to ensure that the Company can fund its operations and continue as a going concern.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.
There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

20. Reconciliation of Profit after income tax to net cash inflow from operating activities

	2017 $	2016 $
Profit after income tax	118,640	229,003
Depreciation and amortisation	287,964	410,779
Net loss on disposal of assets	15,173	6,954
(Increase)/decrease in receivables	(28,751)	6,927
Increase/(decrease) in trade creditors and other payables	91,404	(436,091)
Increase in provisions	129,707	508,197
Decrease in unexpended grants	(37,702)	(374,112)
Net cash inflow from operating activities	576,435	351,657

21. Events occurring after reporting date

There is, at the date of this report, no other matter or circumstance that has arisen since the 30 June 2016 that has significantly affected, or may slightly affect:

(a) the Company's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the Company's state of affairs in future financial years.

22. Other information

The Aboriginal Legal Service of Western Australia is incorporated under Corporations Act 2001 as a public company limited by guarantee (formerly the Aboriginal Legal Service of Western Australia Inc. incorporated under the Western Australian *Associations Incorporations Act 2015)*, domiciled in Australia. Its registered office and principal place of business is 7 Aberdeen Street, Perth, 6000 Western Australia.

A description of the nature of the Company's operations and principal activities is included in the Directors' report on page 1 and do not form part of this financial report.

Directors' Declaration

In the opinion of the Directors'

(a) The financial statements and notes set out on pages 7 to 26 are in accordance with the Corporations Act 2001, including:

(i) complying with the *Corporations Regulations 2001*, Accounting Standards and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at the 30 June 2017 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board made pursuant to s 295(5) of the Corporations Act 2001

On behalf of the directors

Chairman
Perth, Western Australia
Date: 21 September 2017