

**MIDLAND INFORMATION DEBT & LEGAL
ADVOCACY SERVICE INC**

**ANNUAL FINANCIAL REPORT
30 JUNE 2021**

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC

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MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

	Notes	2021	2020
Continuing Operations		\$	\$
Revenue and funding	3 (a)	2,802,268	1,963,812
Expenses for charitable activities	3 (b)	(2,227,108)	(1,673,930)
Total comprehensive surplus/(deficit) for the year		<u>575,160</u>	<u>289,882</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Statement of Financial Position
As at 30 June 2021

	NOTE	2021 \$	2020 \$
<u>CURRENT ASSETS</u>			
Cash & cash equivalents	4 (a)	2,728,309	1,019,012
Other receivables	5	14,448	81,926
Prepayments		56,354	5,451
TOTAL CURRENT ASSETS		<u>2,799,111</u>	<u>1,106,389</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	6	127,367	8,811
Right of use asset	9(a)	67,761	19,482
TOTAL NON-CURRENT ASSETS		<u>195,128</u>	<u>28,293</u>
TOTAL ASSETS		<u>2,994,239</u>	<u>1,134,682</u>
<u>CURRENT LIABILITIES</u>			
Provisions	7	88,840	54,979
Deferred income	8	1,500,885	352,163
Lease liabilities	9(a)	55,802	13,458
Other liabilities	9(b)	157,184	94,077
TOTAL CURRENT LIABILITIES		<u>1,802,711</u>	<u>521,649</u>
<u>NON-CURRENT LIABILITIES</u>			
Provisions	7	6,768	15,872
Lease Liabilities	9(a)	12,438	6,972
TOTAL NON-CURRENT LIABILITIES		<u>19,206</u>	<u>15,872</u>
TOTAL LIABILITIES		<u>1,821,917</u>	<u>537,521</u>
NET ASSETS - SURPLUS		<u>\$ 1,172,322</u>	<u>\$ 597,162</u>
<u>EQUITY</u>			
Retained surplus		1,172,322	597,162
TOTAL EQUITY		<u>\$ 1,172,322</u>	<u>\$ 597,162</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Statement of Cash Flows
For the Year Ended 30 June 2021

	NOTE	2021 \$	2020 \$
Cashflows From Operating Activities			
Grant receipts		3,961,613	2,240,373
Payments to suppliers and employees		(2,076,062)	(1,627,553)
Interest received		5,952	8,797
Net cash inflows/(outflows) from continuing operating activities	4(b)	<u>1,891,503</u>	<u>621,617</u>
Cashflows From Investing Activities			
Purchase of property, plant & equipment		(129,717)	-
Net cash inflows/(outflows) from investing activities		<u>(129,717)</u>	<u>-</u>
Cash flows from financing activities:			
Payment of lease liabilities		(52,489)	(7,495)
Increase/(Decrease) in loan balance		-	-
Net cash inflows/(outflows) from financing activities		<u>(52,489)</u>	<u>(7,495)</u>
Net increase/(decrease) in cash & cash equivalents		1,709,297	614,122
Cash & cash equivalents at beginning of period		<u>1,019,012</u>	<u>404,890</u>
Cash & cash equivalents at end of period		<u>2,728,309</u>	<u>1,019,012</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Statement of Changes in Equity
For the Year Ended 30 June 2021

	Retained Earnings	Total
	\$	\$
At 1 July 2019	307,280	286,303
(Deficit)/Surplus for the year	289,882	20,977
At 30 June 2020	<u>597,162</u>	<u>307,280</u>
At 1 July 2020	597,162	307,280
(Deficit)/Surplus for the year	575,160	289,882
At 30 June 2021	<u>1,172,322</u>	<u>597,162</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Notes to the Financial Statements
For the Year Ended 30 June 2021

Notes to the Financial Statements

The Committee has determined that the Association is not a reporting entity because there are no users who are unable to command the compilation of reports to satisfy their information needs. These financial statements have been prepared to meet the reporting requirements of the Western Australian Associations Incorporation Act 2015 and Australian Charities and Not-for-profits Commission Act 2012.

The financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 2021.

These financial statements are therefore a special purpose report prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards. The following Australian Accounting Standards have been deemed applicable:

AASB 101 Presentation of Financial Statements
AASB 110 Events after the Reporting Period
AASB 107 Statement of Cash Flows
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048 Interpretation of Standards
AASB 1054 Australian Additional Disclosures

No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Basis of Measurement

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Association's functional currency.

1. Use of Estimates and Judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Statement of Significant Accounting Policies

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately. Where available, quoted prices in an active market are used to determine fair value. In

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Notes to the Financial Statements
For the Year Ended 30 June 2021

Notes to the Financial Statements (continued)
2.Statement of Significant Accounting Policies (continued)
Financial Instruments (continued)

other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15 paragraph 63.

Financial Assets

AASB 9, allows financial assets to be subsequently measured at:
amortised cost;
fair value through other comprehensive income (debt instruments);
fair value through other comprehensive income (equity - no recycling); or
fair value through profit or loss,
based on the two primary criteria, being:
the contractual cash flow characteristics of the financial asset; and
the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:
the financial asset is managed solely to collect contractual cash flows; and
it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

The Association only has financial assets that are measured at amortised cost including trade and other receivables and cash at bank (including term deposits).

Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment.
At the end of each reporting period, the carrying values of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. An expected credit loss is recognised when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

Cash and Cash Equivalents

Cash and cash equivalents exclude deposits that are not readily convertible to known amounts of cash including amounts generally recognised as deposits that are held for a period exceeding 90 days. Consequently, term deposits with terms exceeding 90 days are recognised as receivables.

Financial Liabilities

Financial liabilities (including trade payables) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the Statement of Profit or Loss and Other Comprehensive Income over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount of initial recognition. A financial liability cannot be reclassified.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less depreciation and any impairment losses. All assets are depreciated over their useful lives to the Association. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the Financial Statements (continued)

2. Statement of Significant Accounting Policies (continued)

The carrying value of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Provisions

Provisions are recognised when the Association 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.

Employee Benefits

A provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the balance sheet if the Association does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Revenue Recognition

To determine whether and when to recognise revenue, the Association follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as the performance obligation(s) are satisfied.

The Association's main revenue sources and accounting policies are listed below:

Grant Service Agreement

Government grants are recognised in the period in which the sufficiently specific criteria identified in grant funding contracts are met in accordance with AASB 15 Revenue from Contracts with Customers. If the agreement is not enforceable and/or does not contain sufficiently specific performance obligations, revenue is recognised on receipt in accordance with AASB 1058 Income for Not for Profit Entities. Furthermore, if the contract contains a requirement to return unspent funds such amounts are recognised as a provision in accordance with AASB 137 Provisions, Contingent Asset and Liabilities.

Interest Income

Interest income is recognised on receipt.

Job Keeper Income and ATO Cash Flow Boost.

Job Keeper Income and ATO Cash Flow Boost is recognised on receipt.

Notes to the Financial Statements (continued)

2. Statement of Significant Accounting Policies (continued)

Leases

The Association, as a lessee, will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the contract is assessed to be, or contains, a lease, the Association will recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

Initial Measurement and Subsequent Measurement

Measurement of Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Association's incremental borrowing rate. Generally, the Association uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability, offset by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Measurement of Right-of-Use Asset

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability. Subsequent to initial recognition the right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Recognition exemption - Short-term leases and leases of low-value assets

The Association has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases for low-value assets. The Association will recognise the payments associated with these leases as an expense on a straight-line basis over the lease term.

Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

New or Amended Accounting Standards and Interpretations Adopted

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. Management of the Association has assessed that this standard is unlikely to have a material impact on the financial report.

Other than the above management assessment indicates that there are no other new Australian Accounting Standards that have been issued but are not yet effective with an expected material impact on the Association's financial report in the period of initial application.

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Notes to the Financial Statements
For the Year Ended 30 June 2021

3. REVENUE AND EXPENSES

	2021	2020
	\$	\$
(a) Revenue		
Income recognised from grants received	2,376,085	1,647,728
Interest income	5,952	8,797
Other	420,231	307,287
Employment Subsidies		
	<u>2,802,268</u>	<u>1,963,812</u>
(b) Expenses		
Advertising	9,550	3,194
Audit fees	5,936	1,000
Bank fees	314	680
Board expenses & AGM	-	2,470
Catering & events	811	1,257
Consultancy fees	3,504	12,039
Depreciation & amortisation	63,182	10,568
Fees & permits	2,850	3,161
Fringe benefits tax	26	4,404
Insurance	14,740	9,801
Interest	3,358	1,948
Interpreting services	182	931
Emergency relief	66,187	43,296
Memberships	17,758	9,845
Mobile Midlas	7,298	-
Postage	722	672
Photocopying & printing	7,728	2,051
Professional development	3,407	8,737
Equipment	8,566	13,826
Short Term Rent & Property Outgoings	30,099	43,498
Repairs & maintenance	5,929	1,418
Stationery	7,569	3,051
Storage	907	1,121
Sundry expenses	3,798	6,524
Superannuation	136,827	116,735
IT support & maintenance	38,045	38,391
Telephone & internet	11,625	7,102
Travel	12,223	15,969
Motor vehicle expenses	303	312
Utilities	40,197	28,038
Wages & on-costs	1,723,467	1,281,891
	<u>2,227,108</u>	<u>1,673,930</u>

NOTE 4: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
(a)		
Cash at bank	2,229,947	433,972
Cash on hand	400	400
Cash on deposit	497,962	584,640
	<u>2,728,309</u>	<u>1,019,012</u>

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Notes to the Financial Statements
For the Year Ended 30 June 2021

	2021 \$	2020 \$
(b) Reconciliation from the net profit to the net cash flows from operations		
Net surplus/(deficit)	579,160	289,882
Adjustments for:		
Depreciation & write-offs	63,182	10,568
Other non cash items	-	1,947
(Profit)/Loss on sale of assets	-	-
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	67,478	47,695
(Increase)/Decrease in prepayments	(50,903)	17,257
Increase/(Decrease) in provisions	24,757	(2,263)
Increase/(Decrease) in liabilities	1,211,829	256,531
Net cash increase/(decrease) from operating activities	<u>1,891,503</u>	<u>621,617</u>

There were no non-cash investing or financing activities during the year.

5 OTHER RECEIVABLES

Current

Cash boost	-	5,000
Other receivables	14,448	76,926
	<u>14,448</u>	<u>81,926</u>

6 PROPERTY, PLANT AND EQUIPMENT

	Intangibles	Furniture & Fixtures	Equipment	Motor Vehicle	Leasehold Imprvmt	Total
At 30 June 2021	4,400	13,945	82,660	55,851	34,226	191,082
Cost or fair value	(4,400)	(3,026)	(53,100)	(918)	(2,271)	(63,715)
Accumulated depreciation	-	10,919	29,560	54,933	31,955	127,367
Net carrying amount						
At 30 June 2020	4,400	1,200	52,406	-	-	58,006
Cost or fair value	(4,400)	(1,200)	(43,595)	-	-	(49,195)
Accumulated depreciation	-	-	8,811	-	-	8,811
Net carrying amount						

7 PROVISIONS

Current

	2021	2020
Provision for employee benefits	88,840	54,979
Non-current		
Provision for employee benefits	6,768	15,872
	<u>95,608</u>	<u>70,851</u>

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Notes to the Financial Statements
For the Year Ended 30 June 2021

2021
\$

2020
\$

8 DEFERRED INCOME

The deferred revenue relates to payments received in advance on grant contracts where the performance obligations that will be satisfied in future periods. Refer accounting policy 2.

Current	1,500,885	352,163
	<u>1,500,885</u>	<u>352,163</u>

9(a) LEASES

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

12 Old Great Northern Highway, Midland - The Association leases the office property at 12 Old Great Northern Highway, Midland. The original lease of the property commenced prior to 1 October 2020. The lease remains in force until 30/09/2022. The rental expense from this arrangement was \$37,500 which was expensed in the statement of profit and loss. The impacts of this lease arrangement are disclosed below. The right of use asset and lease liability refer to the table below for further disclosures.

14 Stafford Street, Midland - The Association leases the office property at 14 Stafford St, Midland. The original lease of the property commenced prior to 8 February 2021. The lease remains in force until 7/02/2022. The rental expense from this arrangement was \$9,166 which was expensed in the statement of profit and loss. This has been accounted for as a low value lease in accordance with AASB 16

52A Mornington Parkway Ellenbrook: The original lease of the property commenced on 8 January 2020. The lease remains in force until 7 January 2022. One year extension option will be exercised by the association on the lease. The impacts of this lease arrangement are disclosed below. The right of use asset and lease liability of \$25,977 was recognised on commencement of the lease.

Right-of-use asset

Balance as at 1 July	19,483	-
Right-of-use assets recognised as at 1 July	-	25,977
New leases during the year	96,941	-
Less: Amortisation	(48,663)	(6,494)
Balance as at 30 June	<u>67,761</u>	<u>19,483</u>

Lease Liabilities

Balance as at 1 July	20,430	-
Lease liability recognised as at 1 July	96,941	25,977
Interest during the year	3,358	1,948
Less: Payments	(52,489)	(7,495)
Balance as at 30 June	<u>68,240</u>	<u>20,430</u>

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC
Notes to the Financial Statements
For the Year Ended 30 June 2021

(b) Amount recognised in the consolidated statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Amortisation of right-of-use asset	48,663	6,494
Interest expense on lease liability	3,358	1,948

The classification of lease liabilities is as follows

Current \$55,802
 Non-Current \$12,438

	2021	2020
	\$	\$
9(b) OTHER LIABILITIES		
Current		
Amounts payable to the ATO	102,610	57,188
Accounts payable	22,443	13,327
Accrued amounts	23,294	-
Superannuation contributions payable	248	19,962
Other	8,589	3,600
	<u>157,184</u>	<u>94,077</u>

10 EVENTS SUBSEQUENT TO BALANCE DATE

There are no events subsequent to the balance date that would materially alter the financial report.

11 CONTINGENT LIABILITIES

There are no contingent liabilities as at balance date.

12 COMMITMENTS

There are no commitments as at balance date.

13 AUDITOR'S REMUNERATION

Amount received or due and receivable by the auditor for:

Audit of the financial report of Midlas	5,936	5,000
Other services	-	-
	<u>5,936</u>	<u>5,000</u>

14 ENTITY DETAILS

The principal place of business of Midland Information Debt & Legal Advocacy Services Inc is:
 12 Old Great Northern Hwy
 Midland WA 6056

MIDLAND INFORMATION DEBT & LEGAL ADVOCACY SERVICE INC

DECLARATION

In accordance with a resolution of the Board of Midland Information Debt & Legal Advocacy Service Inc (Midlas), I state that:

In the opinion of the Board Members:

- (a) the financial statements and notes of Midlas are in accordance with the Associations Incorporation Act 2015 (WA) and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) presenting fairly Midlas's financial position as at 30 June 2021 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards as specified in Note 2 to the financial statements; and
- (b) there are reasonable grounds to believe that Midlas will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Simon Kimber
Board Chair

Dated