

Financial statements

LEGAL AID QUEENSLAND Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Income from continuing operations			
Revenue			
Grants and other contributions	2	110,315	109,321
User charges		2,135	2,390
Other revenue		1,531	1,653
Total income from continuing operations		113,981	113,364
Expenses from continuing operations			
Supplies and services	3	67,101	67,362
Employee expenses	4	41,472	40,142
Grants to legal centres		141	193
Depreciation and amortisation	5	1,235	1,146
Revaluation decrement	11	2,776	-
Impairment losses	6	94	243
Other expenses	7	236	230
Total expenses from continuing operations		113,055	109,316
Operating result from continuing operations		926	4,048
Other comprehensive income			
<u>Items that will not be reclassified subsequently to Operating Result:</u>			
Increase/(decrease) in asset revaluation surplus	17	2,750	-
Total other comprehensive income		2,750	-
Total comprehensive income		3,676	4,048

The accompanying notes form part of these statements.



LEGAL AID QUEENSLAND
Statement of Financial Position
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Current assets			
Cash and cash equivalents	8	35,596	33,055
Receivables	9	1,821	987
Other	10	825	1,291
Total current assets		38,242	35,333
Non current assets			
Receivables	9	388	506
Property, plant and equipment	11	19,975	19,355
Intangible assets	12	3,176	2,995
Total non current assets		23,539	22,856
Total assets		61,781	58,189
Current liabilities			
Payables	13	2,105	2,400
Accrued employee benefits	14	3,413	3,152
Provision for grants of aid	15	14,462	14,877
Grants payable to community legal centres	23	253	92
Total current liabilities		20,233	20,521
Non current liabilities			
Accrued employee benefits	14	764	846
Provision for grants of aid	15	3,867	3,581
Total non current liabilities		4,631	4,427
Total liabilities		24,864	24,948
Net assets		36,917	33,241
Equity			
Accumulated surplus		23,867	22,941
Asset revaluation surplus	17	13,050	10,300
Total equity		36,917	33,241

The accompanying notes form part of these statements.

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LEGAL AID QUEENSLAND
Statement of Changes In Equity
for the year ended 30 June 2014

	Accumulated surplus		Asset revaluation surplus (Note 17)		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July	22,941	18,893	10,300	10,300	33,241	29,193
Operating result from continuing operations	926	4,048	-	-	926	4,048
<i>Other comprehensive income</i>						
Increase/(decrease) in asset revaluation surplus	-	-	2,750	-	2,750	-
<i>Total comprehensive income for the year</i>	926	4,048	2,750	-	3,676	4,048
Balance as at 30 June	23,867	22,941	13,050	10,300	36,917	33,241

The accompanying notes form part of these statements.

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LEGAL AID QUEENSLAND
Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Inflows			
Grants and other contributions		111,015	109,083
Service charges		1,735	2,292
GST input tax credit from ATO		8,308	8,245
Other		1,531	1,653
		<u>122,589</u>	<u>121,273</u>
Outflows			
Supplies and services		(76,181)	(75,238)
Employee expenses		(41,241)	(40,591)
Grants to legal centres		(141)	(193)
GST remitted to ATO		(146)	(295)
Other		(121)	(131)
		<u>(117,830)</u>	<u>(116,448)</u>
Net cash provided by/(used in) operating activities	16	<u>4,759</u>	<u>4,825</u>
Cash flows from investing activities			
Inflows			
Proceeds from sale of plant and equipment		127	175
Outflows			
Payments for plant and equipment		(1,748)	(444)
Payments for intangibles		(597)	(1,403)
		<u>(2,345)</u>	<u>(1,847)</u>
Net cash provided by/(used in) investing activities		<u>(2,218)</u>	<u>(1,672)</u>
Net increase/(decrease) in cash and cash equivalents		2,541	3,153
Cash and cash equivalents at beginning of financial year		33,055	29,902
Cash and cash equivalents at end of financial year	8	<u>35,596</u>	<u>33,055</u>

The accompanying notes form part of these statements.

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Legal Aid Queensland is a statutory body funded by the Queensland and Commonwealth Governments through agreements, to enhance access to justice by providing legal assistance to Queensland residents who are financially disadvantaged.

1. Significant accounting policies

(a) Statement of compliance

Legal Aid Queensland has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements are prepared having regard to Queensland Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, Legal Aid Queensland has applied those requirements applicable to not-for-profit entities, as Legal Aid Queensland is a not-for-profit statutory body. The historical cost convention has been applied, except for assets listed at valuation in Note 11.

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(b) Revenue recognition

Service charges are recognised when services are delivered and invoiced. Government grants and other contributions that are non-reciprocal in nature are recognised as operating revenue in the year in which the organisation obtains control over them.

(c) Special payments

Special payments include ex gratia expenditure and other expenditure that is not contractually or legally obligated to make to other parties. In compliance with section 20 of the *Financial and Performance Management Standard 2009*, Legal Aid Queensland maintains a register setting out details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within Other Expenses (Note 7). However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

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(d) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June. It also includes liquid investment deposits on call with Queensland Investment Corporation Cash Fund and with Queensland Treasury Corporation Cash Fund that are convertible readily to cash on hand at Legal Aid Queensland's option and are subject to a low risk of changes in value.

(e) Receivables

Trade debtors are recognised at the nominal amounts due at the time of service delivery. Settlement due date is within 30 days from invoice date. However, they are often negotiated with each customer, having regard to the individual's financial circumstances and the security held by Legal Aid Queensland. Ability to collect receivables is assessed periodically with allowance being made for impairment. All known bad debts were written-off as at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the organisation. No interest is charged and no security is obtained for these debts.

(f) Acquisition of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition including architect fees, engineering design fees and other costs incurred in getting the asset ready for use.

(g) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land \$1
 Plant and equipment \$5,000
 Buildings \$10,000

Items with a lesser value are expensed in the year of acquisition.

(h) Revaluations of non-current physical and intangible assets

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair value Measurement* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

In respect of the abovementioned assets classes, the cost of items acquired during the financial year has been judged by management of Legal Aid Queensland to materially represent their fair value at the end of the reporting period.

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

(h) Revaluations of non-current physical and intangible assets (cont'd)

All other non-current assets, principally plant and equipment and intangible assets are measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies*. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years using independent professional valuers with interim valuations being performed on an annual basis using an appropriate index, where there has been a material change in the index. Independent revaluation of the building is undertaken on the basis of ongoing owner occupancy.

Any revaluation increment arising on the revaluation of an asset is recognised in other comprehensive income and credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the organisation include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the organisation for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:



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Notes to and forming part of the Financial Statements
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(i) Fair value measurement (cont'd)

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

The organisation's valuations of assets are eligible for categorisation into level 2 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 by Legal Aid Queensland, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the organisation's Property, Plant and Equipment is outlined in Note 11.

(j) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, with items of lesser value being expensed. Each intangible asset is amortised over its estimated useful life to Legal Aid Queensland, less any anticipated residual value.

It has been determined that there is not an active market for any of the organisation's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased software

Costs associated with the purchase of computer software is capitalised and is amortised on a straight-line basis over the period of expected benefit to Legal Aid Queensland.

Internally generated software

Costs associated with the development of internally generated software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the organisation, namely seven years.

(k) Amortisation and depreciation of intangibles, property, plant and equipment

Land is not depreciated as it has an unlimited useful life.

Depreciation on the office building, plant and equipment and amortisation on leasehold improvements is calculated on a straight-line basis to uniformly allocate the net cost or revaluation amount of each asset, less its estimated residual value, progressively during its estimated useful life at Legal Aid Queensland.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first



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(k) Amortisation and depreciation of intangibles, property, plant and equipment (cont'd)

put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the asset's remaining useful life.

Improvements to leasehold property are amortised progressively over their estimated useful lives to Legal Aid Queensland or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

For each class of asset the following useful life parameters and rates were applied in depreciation and/or amortisation calculations:

Asset class	
Building at fair value/cost	50 years
Plant and equipment:	
- Leasehold improvements	1-12 years
- Computer equipment and copiers	3-7 years
- Motor vehicles	4 years
- Other equipment	2-5 years
Intangibles:	
- Software purchased	3-7 years
- Software internally generated	7 years

(l) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the organisation determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and the depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
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(l) Impairment of non-current assets (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also to Note 1(h).

(m) Operating leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(n) Payables

Amounts payable for supplies received are accrued whether or not the respective invoices have been received at reporting date. Creditor bills are unsecured, not subject to interest charges and are generally settled within thirty days of invoice receipt.

(o) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the organisation becomes party to the contractual provisions of the financial instrument.

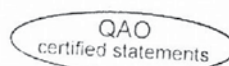
Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost.

Legal Aid Queensland does not enter into transactions for speculative purposes or for hedging. Apart from cash and cash equivalents, the organisation holds no financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement basis and financial risk management of financial instruments held by the organisation are included in Note 21.



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Notes to and forming part of the Financial Statements
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(p) Provision for grants of aid

Provisions are recorded when the authority has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after twelve or more months, the obligation is discounted to the present value using an appropriate discount rate.

Provision is made for the supply of legal services. Expenditure accrues as the provision increases, when applications for legal services are approved. The provision decreases as practitioners' tax invoices are rendered for services provided. The provision for grants of aid represents anticipated payments, net of cost of recoveries, on current legal matters assigned to private legal practices. Monthly adjustments to the provision are based on historical grants cancellation and utilisation data.

(q) Employee benefits

Employer superannuation contributions, annual leave and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

As Legal Aid Queensland expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

For annual leave's liability where it is not expected to be wholly settled within 12 months of the end of the reporting period, it is to be accounted for, and disclosed, based on actuarial assumptions, consistent with AASB 119 *Employee Benefits*.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

(q) Employee benefits (cont'd)

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on Legal Aid Queensland to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the financial statements because the liability is held on a whole-of-Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The organisation's obligation is limited to its contribution to QSuper.

No liability is recognised for accruing superannuation benefits in these financial statements because the liability is held on a whole-of-Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to Note 19 for the disclosures on key management personnel and remuneration.

(r) Trust transactions and balances

Trust monies represent amounts obtained by Legal Aid Queensland and held on behalf of clients until the finalisation of a legal matter. As Legal Aid Queensland acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in Note 22.

(s) Insurance

Legal Aid Queensland's non-current physical assets and other risks are insured through AON Insurance, premiums being paid on a risk assessment basis. In addition, the organisation pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

(t) Taxation

The activities of Legal Aid Queensland are exempt from Commonwealth taxation except for Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). Input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued (refer to Note 9).



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

(u) Issuance of financial statements

The financial statements are authorised for issue by the Board Chair and Chief Finance Officer at the date of signing the Management Certificate.

(v) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements 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 future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Property, plant and equipment – Note 1(g), 1(h), 1(i), 1(l) and 11
- Accrued employee benefits – Note 1(q) and 14
- Provision for grants of aid – Note 1(p) and 15
- Allowance for impairment – Note 21(c).

(w) New and revised accounting standards

The organisation did not voluntarily change any of its accounting policies during 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on Legal Aid Queensland's financial statements are those arising from AASB 13 *Fair Value Measurement* and AASB 119 *Employee Benefits*, as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to Legal Aid Queensland's land and building as they are measured at fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets.

Legal Aid Queensland reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for its land and building to assess whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13. The revised valuation methodologies have not resulted in material differences from the previous methodologies.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. Given Legal Aid Queensland's circumstances, the implication for the organisation is that the revised standard requires long term annual leave to be accounted for, and disclosed, according to most of the requirements for defined benefit plans. The new standard also clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for



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(w) New and revised accounting standards (cont'd)

'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, Legal Aid Queensland is a member of the Queensland Government central scheme for long service leave, this change in criterion has no impact on the organisation's financial statements, as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Legal Aid Queensland only contributes to the QSuper defined benefit plan and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the organisation.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "Tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "Tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1. Details of which disclosures in standards and interpretations are not required under Tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Queensland Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like Legal Aid Queensland may adopt Tier 2 requirements for its general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of Legal Aid Queensland, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require all agencies to adopt Tier 1 by all Queensland Government departments and statutory bodies (including Legal Aid Queensland) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on Legal Aid Queensland.

The organisation is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, Legal Aid Queensland has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The organisation will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.



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(w) New and revised accounting standards (cont'd)

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. Legal Aid Queensland will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and

Cash Flow Statements as published in the Queensland Government's Budgetary Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

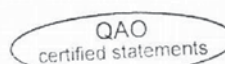
The following new and revised standards apply as from the reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 (revised) *Separate Financial Statements*
- AASB 128 (revised) *Investments in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]; and*
- AASB 2013-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities.*

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 2013-8 applies the various principles in AASB 10 for determining whether a not-for-profit entity controls another entity. On the basis of those accounting standards, Legal Aid Queensland has reviewed the nature of its relationship with other entities that the organisation is connected with to determine the impact of AASB 2013-8. Legal Aid Queensland's conclusion is that based on existing circumstances, it will not have any control over any additional entities.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, Legal Aid Queensland will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. However, if a joint arrangement does arise in future, Legal Aid Queensland will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2017. The main impacts of these standards on Legal Aid Queensland are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new



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for the year ended 30 June 2014

(w) New and revised accounting standards (cont'd)

requirements, financial assets will be more simply classified according to whether they are measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Legal Aid Queensland has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the organisation's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the organisation enters into, it is not expected that any of the organisation's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the organisation's financial assets are expected to be required to be measured at fair value and classified accordingly (instead of the measurement classifications presently used in Notes 1(n) and 21). In the case of the organisation's current receivables, as they are short-term in nature, the carrying amount is expected to be as a reasonable approximation of fair value.

Legal Aid Queensland will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to Legal Aid Queensland, or have no material impact on the organisation.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
2 Grants and other contributions		
Commonwealth Government		
Legal services	41,952	41,433
Community legal centres*	137	105
Commonwealth expensive cases reimbursement	1,610	3,559
Commonwealth legal assistance program**	3,010	-
	<u>46,709</u>	<u>45,097</u>
State Government		
Legal services	44,065	44,775
Other projects	190	515
	<u>44,255</u>	<u>45,290</u>
Other		
Department of Justice and Attorney-General grant***	19,351	18,934
Total grants and other contributions	<u>110,315</u>	<u>109,321</u>

* This represents funding for the Community Legal Centre program manager.

** This is a one-off Commonwealth grant for provision of legal aid services in Queensland that meet the identified Commonwealth priority areas. These include family law and child protection, civil law (in particular employment law and consumer matters) and regional and remote services.

*** Department of Justice and Attorney-General grant:
Distributions to Legal Aid Queensland can only be made from the Legal Practitioner Interest on Trust Accounts Fund established under that *Legal Profession Act 2004*, with the authority of the Minister upon the recommendation of the Chief Executive.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
3 Supplies and services		
Outsourced services		
Legal representation	52,320	56,100
Other	2,404	2,169
	<u>54,724</u>	<u>58,269</u>
Corporate overheads		
Communications and transport	1,101	1,171
Information technology	2,588	1,681
Office premises and requisites	4,697	2,362
Operating leases rentals	2,185	1,985
Other	1,806	1,894
	<u>12,377</u>	<u>9,093</u>
Total	<u>67,101</u>	<u>67,362</u>
4 Employee expenses		
Employee benefits		
Wages and salaries	34,136	33,128
Employer superannuation contributions	4,098	4,034
Long service leave levy	712	695
Termination benefits	237	-
Employee related expenses		
Payroll tax	2,090	2,064
Workers' compensation premium	199	221
Total	<u>41,472</u>	<u>40,142</u>

The number of employees as at 30 June, including both full-time and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2014	2013
Number of employees	<u>438</u>	<u>428</u>

LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
5 Depreciation and amortisation		
Depreciation and amortisation were incurred in respect of:		
Buildings	215	215
Plant and equipment	603	759
Software purchased	265	96
Software internally generated	152	76
Total	1,235	1,146
6 Impairment losses		
Impairment losses on trade receivables	94	243
Total	94	243
7 Other expenses		
Insurance premiums – professional	58	58
Insurance premiums – other	61	71
External audit fees*	58	56
Loss on asset disposals	57	43
Special payments:		
Out of court settlements	2	2
Total	236	230
* Total external audit fees relating to the 2013-14 financial year are estimated to be \$58,000 (2013: \$56,000). There are no non-audit services included in this amount.		
8 Cash and cash equivalents		
Imprest accounts	3	3
Cash at bank*	(71)	1
Queensland Investment Corporation Cash Enhanced Fund	23,071	22,379
Queensland Treasury Corporation Cash Fund	12,593	10,672
Total	35,596	33,055

* The balance is inclusive of unpresented cheques of \$119,000. Actual cash balance in the bank is \$48,000.

Cash deposited with the Queensland Treasury Corporation earned interest at rates between 3.28% and 3.97% (2013: 3.61% and 4.66%). Interest earned on cash held with the Commonwealth Bank earned between 2.35% and 2.60% (2013: 2.60% and 3.10%).

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
9 Receivables		
Current		
Trade debtors	975	383
Revenue receivable	37	-
GST receivable	832	606
GST payable	(23)	(2)
Total	1,821	987
Non-current		
Trade debtors	534	695
Less: Allowance for impairment loss	(146)	(189)
Total	388	506
Refer to Note 21(c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.		
10 Other current assets		
Prepayments	812	702
Commonwealth expensive cases reimbursement receivable	13	589
Total	825	1,291

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
11 Property, plant and equipment		
Land		
At fair value	14,350	11,600
Building		
At gross value	8,856	8,856
	8,856	8,856
Less accumulated depreciation	(3,392)	(3,177)
Less accumulated revaluation decrement/ impairment losses	(3,814)	(1,038)
Fair value	1,650	4,641
Plant and equipment		
At cost	8,702	8,697
Less accumulated depreciation	(4,491)	(5,468)
Less accumulated impairment losses	(236)	(328)
	3,975	2,901
Work in progress	-	213
Total	19,975	19,355

Land and building were comprehensively revalued as at 30 June 2014 by State Valuation Services (SVS) on a fair value basis in accordance with the requirements of the Australian Accounting Standard AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Land

The land value has been derived using the direct comparison approach based on recent development site sales and relative values in the locality. This approach is based on the comparable recent land sales and entails some professional judgement (e.g. locality, consideration of land area, street frontage and access) based on observable market data. Given these factors and consideration to the land being comparable to other land sales and valuations in an active market, the resulting valuation is therefore categorised into level 2 of the fair value hierarchy.

Building

The building valuation has been made on the basis of a capitalisation of income approach. The rental rate is based on commercial office and car parking rents for similar properties in close proximity. Adjustments were made to the rental rate to reflect the refurbishments work currently in progress on the building. The valuation calculation uses a number of readily available metrics and market data, for example, the vacancy allowance used in the assessment



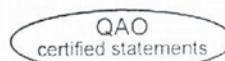
LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

11 Property, plant and equipment (cont'd)

and valuation is obtained from the Property Council of Australia and is publicly available. The outgoings rate (e.g. covering utility expenses and other building operating costs) is based on the current industry standard for a similar type of building. Based on the above and considering the building is not a specialised construction that has alternative uses or customised attributes, the valuation is therefore eligible for categorisation into level 2 of the fair value hierarchy. The land value is deducted from the improved value to determine the value of the building.

The SVS assessment has identified a significant increase in vacancy rates since the previous valuation in 2009 resulting in a reduction in value under the income approach. Accordingly a revaluation decrement of \$2,776,000 was recognised in the operating result of Legal Aid Queensland in June.

Plant and equipment is valued at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

11 Property, plant and equipment (cont'd)										
Property, plant and equipment reconciliation										
	Land		Building		Plant and equipment		Work in progress		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	11,600	11,600	4,641	4,856	2,901	3,232	213	416	19,355	20,104
Acquisitions	-	-	-	-	-	-	1,748	443	1,748	443
Disposals	-	-	-	-	(185)	(218)	-	-	(185)	(218)
Transfers between classes	-	-	-	-	1,862	646	(1,862)	(646)	-	-
Net revaluation increments/(decrements)	2,750	-	(2,776)	-	-	-	-	-	(26)	-
Reclassified to expense in operating surplus/(deficit)*	-	-	-	-	-	-	(99)	-	(99)	-
Depreciation	-	-	(215)	(215)	(603)	(759)	-	-	(818)	(974)
Carrying amount at 30 June	14,350	11,600	1,650	4,641	3,975	2,901	-	213	19,975	19,355

* Following a comprehensive valuation undertaken during 2013-14, a large expenditure associated with the refurbishment work undertaken since 2012-13 was deemed operational in nature, thus reclassified to operating surplus.

Legal Aid Queensland has plant and equipment with an original cost of \$1,820,942 and a written down value of zero still being used in the provision of services.

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
12 Intangible assets		
Software purchased:		
At cost	5,626	3,602
Less: Accumulated amortisation	(3,289)	(3,023)
	2,337	579
Software internally generated:		
At cost	1,067	1,067
Less: Accumulated amortisation	(228)	(76)
	839	991
Software WIP:		
At cost	-	1,425
Total	3,176	2,995

Intangibles reconciliation

	Software purchased		Software internally generated		Software WIP		Total
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000
Carrying amount at 1 July	579	156	991	-	1,425	1,609	2,995
Acquisitions	-	-	-	-	598	1,402	598
Transfers between classes	2,023	519	-	1,067	(2,023)	(1,586)	-
Amortisation	(265)	(96)	(152)	(76)	-	-	(417)
Carrying amount at 30 June	2,337	579	839	991	-	1,425	3,176
							2,995

Amortisation of intangibles is included in the line item "Depreciation and amortisation" in the Statement of Comprehensive Income.

All intangible assets of the organisation have finite useful lives and are amortised on a straight line basis. Refer to Note 1(k).



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
13 Payables		
Trade creditors	2,105	2,400
14 Accrued employee benefits		
Current		
Annual recreation leave	2,864	2,803
Long service leave levy payable	225	185
Wages outstanding	324	164
Total	3,413	3,152
Non-current		
Annual recreation leave	764	846
Total	764	846
Movements in provision		
Annual recreation leave		
Balance as at 1 July	3,649	3,899
Additional provision recognised	3,268	3,070
Reduction in provision as a result of payments	(3,289)	(3,320)
Balance as at 30 June	3,628	3,649

The discount rate used to calculate the present value of non-current annual leave is 2.53% (2013: 2.53%).

LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
15 Provision for grants of aid		
Current		
Grants of aid outstanding	14,462	14,877
Non-current		
Grants of aid outstanding	3,867	3,581
Movements in provision		
Grants of aid outstanding		
Balance as at 1 July	18,458	17,921
Additional provision recognised	72,182	74,693
Discount on estimated utilisation of grants of aid	(3,402)	(3,671)
Discount on estimated cancellation of grants of aid	(7,082)	(6,216)
Discount on present value	(284)	(270)
Reduction in provision as a result of payments	(61,543)	(63,999)
Balance as at 30 June	18,329	18,458

Discount relating to estimated utilisation of grants of aid is based on prior year history of actual payments to preferred suppliers compared to the maximum grant of aid approved.

Discount relating to cancellation of grants of aid is based on prior year history of actual grants of aid cancelled, taking into account the age of the grant of aid before being cancelled. Refer to Note 1(p) for further explanation of the accounting policy for the provision for grants of aid.

The average discount rate used to calculate the present value of non-current provision is 2.71% (2013: 2.74%).

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
16 Reconciliation of operating surplus to net cash from operating activities		
Operating surplus	926	4,048
Depreciation and amortisation expense	1,235	1,146
Revaluation decrement	2,776	-
Impairment losses on trade receivables	(42)	(59)
Non cash item reclassified to expense	99	-
Loss on sale of property, plant and equipment	57	43
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade debtors	(431)	548
(Increase)/decrease in GST receivable	(226)	(14)
(Increase)/decrease in Commonwealth expensive cases reimbursement receivable	576	(589)
(Increase)/decrease in revenue receivable	(38)	-
(Increase)/decrease in prepayments	(110)	(203)
Increase/(decrease) in trade creditors	(295)	(283)
Increase/(decrease) in GST payable	21	(50)
Increase/(decrease) in accrued employee benefits	179	(326)
Increase/(decrease) in provision for grants of aid	(129)	539
Increase/(decrease) in grants payable to community legal centres	161	25
Net cash from operating activities	4,759	4,825

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014		2013	
	Land \$'000	Total \$'000	Land \$'000	Total \$'000
17 Asset revaluation surplus by class				
Balance as at 1 July	10,300	10,300	10,300	10,300
Revaluation increment	2,750	2,750	-	-
Balance as at 30 June	13,050	13,050	10,300	10,300

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

18 Contingencies

There were no known contingent assets or liabilities as at 30 June 2014.

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

19 Key management personnel and remuneration

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the organisation during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents*	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chief Executive Officer	Lead the functions and strategic direction of Legal Aid Queensland to achieve efficiency, sustainability and the delivery of high quality legal services.	SES 4.2 / s.64 <i>Legal Aid Queensland Act 1997</i>	16 November 2009
Deputy Chief Executive Officer	Manage Legal Aid Queensland's day to day operations including statewide regional legal services and preferred supplier strategy to achieve Legal Aid Queensland's strategic and operational objectives.	SES 3.2 / s.70 <i>Legal Aid Queensland Act 1997</i>	19 April 2010
Public Defender Counsel	Manage Counsel to achieve Legal Aid Queensland's strategic and operational objectives and particularly to deliver the highest quality of legal assistance services to clients.	SES 2.5 / s.70 <i>Legal Aid Queensland Act 1997</i>	19 January 2011
Director Family Law, Civil Justice and Advice Services	Lead and manage the Family Law, Civil Justice and Advice Services areas to achieve Legal Aid Queensland's strategic and operational objectives, and particularly to deliver high quality legal assistance services to clients.	SES 2.5 / s.70 <i>Legal Aid Queensland Act 1997</i>	16 December 2010
Director Criminal Law Services	Lead and manage the Criminal Law Services division to achieve Legal Aid Queensland's strategic and operational objectives, and particularly to deliver high quality legal assistance services to clients.	SES 2.5 / s.70 <i>Legal Aid Queensland Act 1997</i>	29 November 2010

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

19 Key management personnel and remuneration (cont'd)

(a) Key management personnel (cont'd)

Position	Responsibilities	Current incumbents*	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Director Corporate Services	Lead and manage a significant range of corporate services and direct service delivery functions, including finance, facilities, human resources, right to information and privacy, information technology, library, business analysis, compliance and review, records management and statewide legal information call centre.	SES 2.5 / s.70 <i>Legal Aid Queensland Act 1997</i>	18 January 2010
Director Grants	Lead and manage a significant range of functions associated with managing external and in-house legal service procurement.	SES 2.2 / s.70 <i>Legal Aid Queensland Act 1997</i>	7 December 2010
Director Policy, Communication and Community Legal Education	Lead and manage strategic policy, law reform, media and public affairs, community legal education and special projects.	SO3 / s.70 <i>Legal Aid Queensland Act 1997</i>	9 November 2009

* The classification of the current incumbents is at 30 June 2014. During the year, there may have been other personnel who have acted in the positions above.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

19 Key management personnel and remuneration (cont'd)

(b) Remuneration Expenses

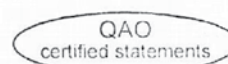
Remuneration policy for the organisation's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts provide for benefits such as motor vehicles. However, effective from 13 September 2013, the key management personnel will be provided with an executive vehicle allowance as part of their remuneration package as per Directive No. 13/13 issued by the Queensland Public Service Commission. Consequently, the key management personnel who were provided with motor vehicles did not receive replacement motor vehicles at the end of the vehicles' useful lives.

For the 2013-14 year, remuneration of key management personnel increased by 2.2% in accordance with government policy.

The following disclosures focus on the expenses incurred by the organisation during the respective reporting periods, that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel comprise the following components:

- Short term employee benefits which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position
 - non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employments provide only for notice periods or payment in lieu of notice on termination regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.



LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

19 Key management personnel and remuneration (cont'd)
(b) Remuneration (cont'd)

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2013 – 30 June 2014

Position	Short term employee benefits		Long term employee benefits	Post employee benefits	Total expenses
	Monetary Expenses \$'000	Non-monetary benefits \$'000			
Chief Executive Officer	221	10	4	26	261
Deputy Chief Executive Officer	197	9	4	21	231
Public Defender Counsel	170	8	3	20	201
Director Family Law, Civil Justice and Advice Services	152	20	3	20	195
Director Criminal Law Services	176	-	3	20	199
Director Corporate Services	177	8	3	20	208
Director Grants	154	14	3	18	189
Director Policy, Communication and Community Legal Education	95	-	2	12	109
Total remuneration	1,342	69	25	157	1,593

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

19 Key management personnel and remuneration (cont'd)

(b) Remuneration (cont'd)

1 July 2012 – 30 June 2013

Positions	Short term employee benefits		Long term employee benefits	Post employee benefits	Total expenses
	Monetary Expenses \$'000	Non-monetary benefits \$'000			
Chief Executive Officer	204	23	4	25	256
Deputy Chief Executive Officer	164	27	3	21	215
Public Defender Counsel	157	19	3	19	198
Director Family Law, Civil Justice and Advice Services	141	26	3	19	189
Director Criminal Law Services	170	-	3	19	192
Director Corporate Services*	86	6	3	10	105
Director Grants	143	18	3	17	181
Director Policy, Communication and Community Legal Education	94	-	8	14	116
Total remuneration	1,159	119	30	144	1,452

*The Director of Corporate Services was seconded to the Department of State Development, Infrastructure and Planning from 2 July 2012 to 31 December 2012.

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
20 Commitments for expenditure		
(a) Capital expenditure commitments		
Capital expenditure commitment for technology refurbishments and buildings fit-out inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts is payable as follows:		
Payments due within one year	<u>44</u>	<u>81</u>
(b) Operating lease commitments		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	2,330	2,633
Later than one year but not later than five years	4,949	7,080
Later than five years	2,907	3,436
Total	<u>10,186</u>	<u>13,149</u>
Operating leases are entered into as a means of acquiring access to office accommodation. Lease payments are generally fixed but with inflation escalation clauses on which rental commitments are determined.		
No purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.		
(c) Other expenditure commitments		
Other expenditure commitments at the end of the period but not recognised in the accounts are as follows:		
Payable:		
Not later than one year	1,273	333
Later than one year and not later than five years	326	-
	<u>1,599</u>	<u>333</u>

LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

21 Financial instruments

(a) Categorisation of financial instruments

Legal Aid Queensland has the following categories of financial assets and financial liabilities:

Category	Note	2014 \$'000	2013 \$'000
Financial assets			
Cash and cash equivalents	8	35,596	33,055
Receivables	9	2,209	1,493
Total		37,805	34,548
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	13	2,105	2,400

(b) Financial risk management

Legal Aid Queensland's operational activities are not exposed to substantial financial risk. The investment of cash is exposed to a degree of interest rate risk and market risk.

The board reviews risk and return of cash investments. Financial risk management is currently undertaken by the Finance and Facilities team, with guidance from Queensland Treasury Corporation and Queensland Investment Corporation.

(c) Credit risk exposure

Credit risk exposure refers to the situation where the organisation may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets inclusive of any provisions for impairment.

Financial assets

Collateral in the form of mortgages representing charges over real property are held by Legal Aid Queensland. Of the \$2,172,000 recorded in receivables, \$331,000 is secured by mortgages and caveat, reducing the credit risk the organisation is exposed to. No credit enhancements relate to the financial assets held by Legal Aid Queensland.

No significant concentration of credit risks have been identified, as exposure is spread over a large number of counterparties and customers. Exposure to credit risk is monitored on a regular basis. The method for calculating any provisional impairment for risk is based on past experience and current and expected changes in economic conditions.

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Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

21 Financial instruments (cont'd)

(c) Credit risk exposure (cont'd)

Financial assets

The recognised impairment loss is \$94,000 for the current year, a decrease of \$149,000 from 2013. All figures for credit risk referred to do not take into account the value of any collateral or other security.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2014 financial assets past due but not impaired

	Overdue			Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Receivables	207	56	86	239
				588

2013 financial assets past due but not impaired

	Overdue			Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Receivables	215	147	47	270
				679

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LEGAL AID QUEENSLAND
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

21 Financial instruments (cont'd)

(c) Credit risk exposure (cont'd)

2014 individually impaired financial assets

	Less than 1 year	Overdue 1-2 years	2-3 years	More than 3 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Receivables (gross)	9	36	7	56	108
Allowance for impairment	(9)	(36)	(7)	(56)	(108)
Carrying Amount	-	-	-	-	-

2013 individually impaired financial assets

	Less than 1 year	Overdue 1-2 years	2-3 years	More than 3 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Receivables (gross)	16	27	39	43	125
Allowance for impairment	(16)	(27)	(39)	(43)	(125)
Carrying Amount	-	-	-	-	-

The carrying amount for the individually impaired financial assets is zero but they are not written off as yet as recovery effort is still being made on them. However, they will be fully written off when all avenues of recovery have been exhausted.

The interest earned by the impaired financial assets was \$11,700 (2013: \$27,600).

	2014 \$'000	2013 \$'000
Movements in the allowance for impairment loss		
Balance at the beginning of the year	189	248
Amounts written off during the year	(137)	(302)
Increase in allowance recognised in the operating result	94	243
Balance at the end of the year	146	189

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21 Financial instruments (cont'd)

(d) Liquidity risk

Liquidity risk refers to the situation where the organisation may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

There is a surplus of \$18,008,000 in current assets to meet the obligations of current liabilities. Accordingly the liquidity risk is considered to be low.

All of the organisation's financial liabilities have maturity of less than one year and therefore they are not presented in a table.

(e) Market risk

Legal Aid Queensland does not trade in foreign currency and is not materially exposed to commodity price changes. It is exposed to interest rate risk through its cash deposited in interest bearing accounts but it does not undertake any hedging in relation to the risk.

Interest rate sensitivity analysis

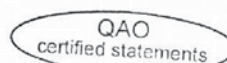
The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to the Statement of Comprehensive Income if interest rates would change by +/-1% from the year-end rates applicable to the organisation's financial assets and liabilities. With all other variables held constant, the organisation would have a surplus and equity increase/ (decrease) of \$355,960 (2013: \$330,550). This is attributable to the organisation's exposure to variable interest rates on its deposit with Queensland Investment Corporation and Queensland Treasury Corporation.

Financial instruments	Carrying amount \$'000	2014 interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	35,596	(356)	(356)	356	356

Financial instruments	Carrying amount \$'000	2013 interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	33,055	(331)	(331)	331	331

Fair value

Legal Aid Queensland does not recognise any financial assets or financial liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.



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	2014 \$'000	2013 \$'000
22 Monies held in trust		
Legal Aid Queensland received monies from clients and held them in trust until the finalisation of their legal matters. The monies are held in a separate bank account in accordance with Section 45 of the <i>Legal Aid Queensland Act 1997</i> .		
Summary of cash flows:		
Balance as at 1 July	557	611
Receipts	1,294	2,571
Payments	(940)	(2,625)
Balance as at 30 June	911	557

23 Grants payable to community legal centres

During the year Legal Aid Queensland received monies from both state and federal governments that are passed on to the community legal centres. As the organisation performs only a custodial role in respect of these transactions and balances, they are not recognised in the Statement of Comprehensive Income but are disclosed in these notes for the information of users. The balance as at 30 June represents the grants payable to community legal centres and the portion of Emergency Grants Fund which was unspent during the year and to be carried forward. The Emergency Grants Fund is distributed from the Legal Practitioner Interest on Trust Accounts Fund and is to be used for agreed purposes for the community legal centres.

Balance as at 1 July	92	67
Receipts	14,905	14,206
Payments	(14,744)	(14,181)
Balance as at 30 June	253	92

Excluded in the receipts and payments above is funding to Western Queensland Justice Network which is a 100 percent owned community legal centre by Legal Aid Queensland.



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	2014	2013
24 Remuneration of board members		
The remuneration received, or due and receivable by board members from Legal Aid Queensland is in connection with the management of the organisation. Remuneration includes sitting fees, contributions to members' superannuation and other benefits received by board members.		
Brian Stewart (Chair)	2,691	-
Rachel Hunter (Chair)	1,197	5,029
Iyla Davies	5,934	3,933
Allan Welsh	6,686	3,448
Dan Toombs	485	2,003
Terry Browne	4,990	3,560
Peter Nolan	6,257	-
Total	28,240	17,973

Rachel Hunter and Dan Toombs ceased to be the Board Chair and board member respectively in August 2013. Brian Stewart and Peter Nolan were appointed to the board in February 2014 while Iyla Davies and Terry Browne ceased to be board members in June 2014.

25 Subsequent events

Other than matters already mentioned elsewhere in these financial statements, there are no other matters that have arisen since 30 June 2014 and the date of signing these financial statements.

