



**The Law Society  
of the  
Australian  
Capital Territory**

**ANNUAL REPORT  
2008-09**

**actlawsociety**



**The Law Society Of The  
Australian Capital Territory  
Annual Report 2008-09**

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## NOTICE CONVENING THE ANNUAL GENERAL MEETING

The **Annual General Meeting** of the Society will be held on  
**Thursday, 24 September 2009 commencing at 12.30pm**  
Level 2, Novotel, 65 Northbourne Avenue, Canberra City

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### Business

1. To receive the Annual Report
2. To receive the Audited Financial Statements
3. To declare the results of the election of office-bearers for the ensuing year
4. To appoint an auditor
5. To consider general business

Members Lunch will follow the Annual General Meeting at the same venue.

For catering purposes please register your attendance to Ms Yvette De Paoli at the Society by email [yvette.depaoli@actlawsociety.asn.au](mailto:yvette.depaoli@actlawsociety.asn.au) or phone (02) 6247 5700.

A handwritten signature in black ink, appearing to read 'L Vardanega', is placed above the typed name and title of the Secretary.

L Vardanega  
Secretary

27 August 2009

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**MINUTES OF THE ANNUAL GENERAL MEETING OF  
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY**  
held in the Molonglo Room, Canberra Club, Canberra City,  
**ON THURSDAY, 18 SEPTEMBER 2008 AT 5.00PM**

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**Present:** Sarah Avery, Lou Baker, Trevor Barker, Michaela Barlow, Rod Barnett, Kay Barralet, Bradley Beesley, Ben Biddington, Angus Bucknell, John Bundock, Greg Burnett, John Buxton, Chris Chenoweth, Ted Clancy, Robert Coen, Edward Corbett, Linda Crebbin, Chris Donohue, Phillip Davey, Julie Duce, Deborah Dwyer, Terry Dwyer, Emmanuel Ezekiel-Hart, Michael Flynn, Tony Foley, Andrew Freer, Michelle Friesen, Ron Friesen, James Gralton, Neill Grant, Owen Harris, Christine Harvey, Brian Hatch, Walter Hawkins, William Heague, Peter Ho, Martin Hockridge, Gavin Howard, Shane Jones, Thena Kyprianou, Fred Lester, Rod MacDonald, Jill McSpedden, Theresa Miskle, Jason Moffett, Richard Nesbitt, Athol Opas, Russell Patrick, Michael Phelps, Mark Popplewell, Shane Quinn, Bill Redpath, Margaret Reid, Pam Robertson, Andrew Roberts, Darren Russell, Paul Salinas, Mark Slater, Mark Tigwell, Paul Vane-Tempest, Ross Watch, Anthony Williamson.

**In attendance:** Messrs King and MacArthur, and Mss Sims, Campbell and di Paoli.

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1. **APOLOGIES:** Mss Rachel Bird, Carolyn Power, Barbara Campbell, Amber Sullivan, Louise Vardanega, Loretta Zamprogno and Messrs Ian Campbell, Graeme Finlayson, Brian Worth, Andrew Crockett, Brian Tetlow, Tim Sharman, David Butler, Bill Coombes, David Mitchell, Matt O'Brien, Greg Walker, Ian Gillespie-Jones, Chanaka Bandarage and Don Malcolmson.

2. **MINUTES**

The minutes of the Annual General Meeting held on 20 September 2007 were circulated to all members as part of the Annual Report.

It was resolved (Hatch/Watch) that the Minutes be accepted.

3. **PRESIDENT'S REPORT**

The President's report was circulated to all members as part of the Annual Report. Copies available upon request.

The President highlighted a number of points, including:

- the establishment of the consolidated ACT Civil and Administrative Tribunal (ACAT), noting that the Disciplinary Tribunal will be part of ACAT. He said former Law Society Councillor and Treasurer, Ms Linda Crebbin and a former ACT Attorney-General, Mr Bill Stefaniak, had been appointed presidential members. He said that approaches have been made to the Department of Justice and Community Safety to ensure that those members currently sitting on the Disciplinary Tribunal will continue in that position until any new appointments are made.
- Costs disclosure and trust account provisions in the Legal Profession Act 2006 commenced on 1 October 2007. The President said the Society has prepared standard costs documents for modification and use by practitioners.

Mr Redpath noted that within the last 12 months, there have been a number of judicial appointments with little or no consultation with the profession. In response, Mr Barnett said that the Society supported the appointment of Ms Crebbin to ACAT and believed that Mr Stefaniak would discharge his duties in an exemplary manner.

It was resolved (Watch/Hatch) that the President's report be accepted.

4. **FINANCIAL STATEMENTS**

The 2007-08 Financial Statements were circulated to all members as part of the Annual Report.

It was resolved (Hatch/Watch) that the 2007-08 Financial Statements be accepted.

5. **ELECTION OF COUNCIL**

The Executive Director noted that the Returning Officers appointed by Council, Mr Trevor Barker and Mr Robert Reis, had reported to the Society on the results of the election. The Executive Director announced the results as follows:

1,320 members were eligible to vote – 400 votes were received with 3 being invalid and 397 being valid or partially valid.

|                  |                                 |
|------------------|---------------------------------|
| President:       | Mr Rod Barnett                  |
| Vice Presidents: | Mr Athol Opas<br>Mr Brian Hatch |
| Secretary:       | Ms Louise Vardanega             |
| Treasurer:       | Mr Bill Coombes                 |

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|              |  |
|--------------|--|
| Councillors: | Ms Kay Barralet<br>Mr Ben Biddington<br>Mr Ian Campbell<br>Mr Chris Donohue<br>Mr Martin Hockridge<br>Mr Don Malcolmson<br>Mr Matt O'Brien<br>Mr Paul Robertson<br>Ms Amber Sullivan<br>Mr Paul Vane-Tempest |
|--------------|--|

It was resolved (Watch/Hatch) that the Returning Officers' report be accepted.

It was also resolved (Hatch/Roberts) that the ballot papers for the 2008-09 Annual General Election be destroyed pursuant to Clause 17 of the Society's Constitution.

Mr Barnett congratulated the successful candidates. He noted that Ms Vardanega had been returned for a successive 21st year. The President thanked Ms Reece for her contribution to Council. He thanked those members who stood for election unsuccessfully and moved a vote of thanks to the Returning Officers. This was carried by acclamation.

## 6. APPOINTMENT OF AN AUDITOR

Members noted that Duesburys Nexia has indicated their willingness to accept appointment for 2008-09.

It was resolved (Hatch/Biddington) that Duesburys Nexia be appointed as the Auditors for 2008-09.

## 7. OTHER BUSINESS

### **7.1 Mandatory Continuing Professional Development.**

The President reminded members that a Members' Forum had been held on 7 August 2008 to discuss this issue. Following the Forum the Council resolved to put the matter before members at the AGM and to that end a Discussion Paper was prepared and posted on the Society's website and attention was drawn to it in the Notice to Members convening the AGM. The Notice to Members stated that members would be asked to vote on the following resolution:

"That a mandatory continuing professional development (CPD) scheme, consistent with the national Guidelines, should be introduced in the ACT. The mandatory CPD scheme should not commence until 1 July 2010 at the earliest".

Following considerable discussion Mr Hatch moved that the motion be put. Mr Roberts seconded this motion. When it was pointed out that the motion as set out in the Notice paper had not formally been moved Mr Hatch formally moved that motion. He was again seconded by Mr Roberts.

Following further discussion Mr Hatch, seconded by Mr Roberts, again moved that the motion be put. The Chairman refused to put the original motion on the grounds that there were other members who still wished to comment of the issue. In the absence of a motion of dissent from the Chairman's ruling discussion continued.

Mr Redpath moved the following amendment to the original motion:

"That the original motion be prefaced by the following words - "Despite the empirical evidence that such schemes have no value and will be an imposition on our members, the AGM resolves ...".

This was seconded by Mr Donohue Following discussion Mr Corbett moved "that the preamble as moved by Mr Redpath not be accepted." This was seconded by Ms Harvey. After some discussion including the exercise by Mr Redpath of his right of reply, the President put Mr Corbett's motion which was carried. The President then put Mr Hatch's original motion.. This was carried on a show of hands by a margin of 35 for to 21 against.

Mr Redpath moved the following motion:

"That the Council be asked to consider the practical implementation of a mandatory CPD scheme in the Territory following which another general meeting of members be held to approve the arrangements". This was seconded by Mr Hatch. The President put this motion which was carried unanimously.

The President thanked the members for their careful consideration and vigorous discussion of this issue.

**7.2 Vale Mr Tony Allport.** Mr Rod MacDonald reported that Mr Allport had passed away and should be recognised for his significant contribution to the profession. Mr Chenoweth said that it is appropriate that members express their sorrow at the passing of a very long standing Queanbeyan practitioner, and that this be recorded in the Minutes.

## 8. CLOSE OF BUSINESS

The meeting closed at 6.04pm.

## Office Bearers 2008 - 09

|                           |   |
|---------------------------|---|
| President:                | Mr Rod Barnett (Rod J Barnett)                              |
| Vice President:           | Mr Athol Opas (DEEWR)                                       |
| Vice President:           | Mr Brian Hatch (Pamela Coward Higgins Lawyers)              |
| Secretary:                | Ms Louise Vardanega (Australian Government Solicitor)       |
| Treasurer:                | Mr Bill Coombes (formerly of Pamela Coward Higgins Lawyers) |
| Executive Member:         | Ms Kay Barralet (Mazengarb Barralet Family Lawyers)         |
| Immediate Past President: | Mr Greg Walker (Trinity Law)                                |

## Council Members 2008 - 09

Mr Ben Biddington (O'Connor Harris)  
Commander Ian Campbell (Department of Defence)  
Mr Chris Donohue (Donohue & Co.)  
Mr Martin Hockridge (Legal Aid ACT)  
Mr Don Malcolmson (Don Malcolmson)  
Mr Matt O'Brien (Legal Aid ACT)  
Mr Paul Robertson (formally of Moray & Agnew)  
Ms Amber Sullivan (Australian Government Solicitor)  
Mr Paul Vane-Tempest (Blake Dawson)

## Society Secretariat 2008 - 09

|                                  |  |
|----------------------------------|--|
| Executive Director:              | Mr Larry King  |
| Professional Standards Director: | Mr Rob Reis  |
| Accountant:                      | Mr Stewart MacArthur   |
| Executive Secretary:             | Ms Debbie Sims   |
| Member Services Officer:         | Ms Yvette De Paoli   |
| Committee Administrator:         | Mrs Jan Dutton (until September 2008) &<br>Ms Jocelyn Campbell (from September 2008)   |
| Bookkeeper:                      | Mrs Kathleen Lui   |
| Complaints Secretary:            | Mrs Linda Mackay   |
| Project Officer:                 | Ms Jo Clay (until September 2008) &<br>Ms Catherine Hodge (from November 2008)         |
| Receptionist:                    | Ms Jocelyn Campbell (until September 2008) &<br>Ms Robyn Guilfoyle (from January 2009) |





# President's Report 2008-09

## COAG Reform Project

I was initially encouraged by the establishment of the COAG Taskforce to review the Legal Profession Regulations. The Society strongly supports the simplification of the present laws and the development of an efficient mechanism to render them uniform across Australia. Since 1 July 2006 the Society, its members and their clients have been labouring under the burden of the mammoth Legal Profession Act 2006. The 648 pages of that Act and Regulations compare unfavourably with the 180 page Legal Practitioners Act 1970 which it replaced. It is complex, difficult to navigate and leaves no area of professional life untouched. It is not a user friendly tool for either the consumer or the lawyer.

I am however concerned at recent statements by the Taskforce's Chairman, Mr Roger Wilkins AO. I am particularly concerned at his comments reported in the Financial Review on Friday 28 August 2009 which, I understand, repeated the tenor of his recent speech to the Law Society of New South Wales. It seems to me that the focus is back on consumer protection as opposed to simplification. It is difficult to see where one of the most regulated areas of the economy can be further regulated in view of the immensity of the current model legislation. More concerning however is Mr Wilkins' message that:

- lawyers are perceived as unethical, overpaid and motivated primarily by greed and
- accordingly there is a need to restore the profession's reputation in the light of its central importance to the rule of law, and
- therefore what is needed is a national regulator to whom all regulatory powers currently exercised by the professional associations are transferred.

I would be dismayed if a popular stereotype based on "conventional wisdom", lawyer jokes and barbeque conversations was to be used as the policy foundation for withdrawing from the profession any role in its own regulation. I hope Mr Wilkins is merely being provocative to stimulate responses.

## Pro Bono Clearing House

The Pro Bono Clearing House goes from strength to strength. See Administrator Debbie Sims' report on its activities throughout the year elsewhere in this document. In 2009 so far we have assisted 25 people from 41 applications. We expect to get to 60 referrals by year's end. I worry what will happen to the

Pro Bono Clearing House should we cease to be a profession and become a mere "legal services industry".

## The Global Economic Recession

We appear to have weathered the worst of the crisis, touch wood. This Society was the first to act decisively when the Commonwealth government announced its deposit guarantee would be capped at \$1 million. We arranged an emergency provision for firms to "park" excess trust monies in the Statutory Deposits Account. A number of firms had recourse to the scheme. Fortunately in the end, the Government saw the wisdom of the Law Council's lobbying and extended the guarantee to all funds in solicitors' trust accounts.

## The Courts

The public controversy over the proper resourcing of the administration of justice in the ACT is to be lamented. Lists are lengthening, reserved judgments are late and such Government initiated changes as the way "vulnerable witnesses" are to be handled and the new committal rules have all made the job of the courts more difficult. Like all areas of public and, indeed, private administration no doubt there is room for improvement in the productivity of the courts. But it is unlikely that marginal increases in efficiency will overcome the principal requirement – the need for a 5th Supreme Court judge. As this report goes to print that appears to be an unlikely short term prospect. I accept that. But the Attorney and Canberrans in general must also expect lists to lengthen and reserved judgments to be further delayed.

Court Security, particularly in the Magistrates Court, continues to be an issue which the Society is working on. We have not given up on trying to secure for our members a method by which they can avoid multiple exposures to the metal detection devices. We are also working with Corrective Services on facilitating access to the AMC.

I am pleased to have been consulted by the Attorney-General in his search for a Magistrate to replace recently-retired Magistrate Shane Madden. I am also pleased to see the judicial appointment process becoming more open. There is a missing element and that is an independent process for filtering applicants. That may come in time.

## ACAT

The year saw the establishment of the ACT Civil and Administrative Tribunal under General President Linda



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Crebbin. The Tribunal has had some teething problems and is not yet in its permanent home on Moore Street, Civic. I am in the process of establishing a protocol with the President in respect of reserved judgments. The Society has been involved with the establishment of the ACAT every step of the way.

### **MCPD**

Mandatory Continuing Professional Development was embraced (by a small majority) of members at the AGM in 2008. As I write this we are preparing for a special General Meeting of members which the AGM resolved should be held to settle the fine details of how the scheme will run in the ACT, in conformity with the national guidelines. I think most of our members accept this as a necessary part of our professional responsibilities.

### **Professional Conduct Rules**

The Law Council of Australia is redrafting its model conduct rules. I have established a number of committees, in addition to the Legal Profession Act and Ethics Committee which is keeping a close watch on the project, to review the drafts prepared by the LCA's Reference Group. This may be the last chance for the profession to revise its rules before they pass into the benign control of the Commonwealth Government.

### **Submissions and Representations**

The year has been a busy one as the Society has continued to lobby for good law as well as in the interests of its members. In the property area, stand out items include our efforts to convince government to provide an on-line stamp duty facility similar to New South Wales; concessional leases; Unit Titles; the application of the Land Acquisition Act (Cth) and the Leases (Commercial and Retail) Act. In the area of criminal law issues have included reviews of the Bail Act, the Coroners Act, the definition of murder, new protections for "vulnerable witnesses" and new committal rules. In civil law the Society is helping the Government repair the damaged Powers of Attorney Act while seeking rational change to the Road Transport (CTP) Act 2008 and participating in the review of the Workers Compensation Act 1951. In addition there have been adjustments to the Legal Profession Act which have benefited members by making some formerly complicated provisions a little easier to comply with.

Other submissions covered such diverse subjects as AAT Taxation of Costs, NADRAC Enquiry into Alternative Dispute Resolution in Civil Proceedings, Implementation of the Latimer House Principles, SARP Legislation, and Magistrate's Court Act, powers and changes to indictable offences.

At the national level the Society has been involved along with the Law Council in such issues as anti-money

laundering/counter-terrorism financing law, the problems of remote rural and regional practice, the proper funding of legal aid and the Bill of Rights consultation.

### **Government Lawyers**

With the help of our newly established Government Lawyers Committee we are increasing our activities and services for solicitors in government service who now represent a fair proportion of our membership. In addition to greater attendance by government lawyers to our general access functions and CPD seminars, special initiatives include the publication of Government Lawyers Update and a special Government Lawyers Forum and networking events.

### **Milestones**

The long standing Chairman of the Complaints Committee, Graeme Finlayson, has gone into semi-retirement. On behalf of the Canberra community, whom he has served so well for so long, I thank him for his outstanding contribution over the years. I also express members' best wishes to Michael Peedom who has retired as President of the ACT AAT.

### **And now the end is near and so I face my final curtain.**

With words made famous by the late, great Frank Sinatra ringing in my ears I prepare to leave the stage. It has been a great privilege being your President for the last two years. I believe much has been accomplished but I am prepared to let others judge that. I deeply appreciate the wonderful support I have had from the Council, the Executive Committee, the staff of the Secretariat and the many members who have proffered mainly useful advice over the last 24 months. It would be remiss of me if I did not record a debt of gratitude to our Executive Director, Larry King for his unflinching support and good humour in times of stress throughout my period as President. I leave the post confident that the Society will prosper with our new President Athol Opas at the helm.



**Rod J. Barnett**  
President

# Committee Memberships and Reports

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## ACCESS TO JUSTICE

Greg Walker (Chair)  
Andrew Crockett  
Judy Harrison  
Martin Hockridge  
Jaleh Johannessen  
Ric Lucas  
Don Malcolmson  
Peter Quinton  
Liz O'Brien  
Gary Tamsitt  
Jocelyn Campbell (Committee Administrator)

The Committee, although ad hoc, had not convened for 4 years prior to meeting in March, 2009 to discuss the implementations of the Latimer House Principles. The Committee made a submission to the Standing Committee on Administration and Procedure of the Legislative Assembly of the ACT that the preservation of the Latimer House Principles requires vigilance and therefore agrees that regular review is appropriate.

An avenue of concern of the Committee is the Law Society's Pro Bono Clearing House Scheme and the need to encourage involvement in the Scheme by ACT firms.

The ACT has a unique situation of being a relatively small pool where conflicts are a problem. Assistance from Family Law Firms is particularly sort.

The Committee is drafting a report to ACT Attorney General and Chief Minister about the need for an ACT government initiated inquiry into access to justice in the ACT. The Committee is also considering the Litigation Assistance Fund.

I extend my thanks to all the Committee for their contribution and ongoing support.

Greg Walker (Chair)

## ACT PRO BONO CLEARING HOUSE

Geoff Adams  
Rod Barnett  
Genevieve Bolton  
Andrew Crockett  
James Dunn  
Suzanne Falvi  
Katy Grimes  
Anna Haynes  
Nina Hicks  
Catherine Hodge

Larry King  
Jon Lovell  
Gavin McKenzie (Operational Secondee)  
Svetlana Todoroski  
Katherine Urbanski  
Chris Wheeler  
Jo Wright (Policy Secondee)  
Steve Whybrow  
Debbie Sims (Executive Secretary)

The ACT Law Society Pro Bono Clearing House continues to grow and is now in its 5th year of operation. As at 10 August 2009 41 new applications had been received. This compares to 34 received at the same time in 2008. 39 were from individuals and 2 were from organisations. Of the 41 applications, 25 were successfully referred out to firms and 16 were unsuccessful because they did not have reasonable prospects of success, did not meet the means test eligibility criteria or did not have a legal issue.

**The Secondee System:** the Clearing House has two secondees provided by the large firms to assist with the administration of the Clearing House. The Operational Secondee has responsibility for the initial interviewing of applicants, attending Assessment Panel meetings and following-up with firms. The Policy secondee takes on a more policy/strategic role such as gathering information on successful referrals, feedback from applicants and firms to enable the development of the program and enhancing the profile of the Clearing House.

**Referral Firms:** The Management Committee noted the decline in firms accepting referrals from the Clearing House. Reasons given include no capacity at the present time, no longer a solicitor working in the particular of area of law sought and conflicts of interest. The Clearing House will continue to encourage participation by more firms.

**Family Law:** The Management Committee also noted the extremely small number of family law firms willing to accept referrals from the Clearing House. The Committee noted that some family law matters are complicated and can drag on. Because of this not many firms would be willing to accept such matters on a deferred payment basis. It was suggested that a suitors fund be revisited to assist with disbursements.

**National Professional Indemnity Insurance Scheme:** The National Pro Bono Resource Centre in New South Wales has set up the scheme in an effort to cross the hurdle of getting government lawyers taking on pro bono work. The Management Committee agreed that the ACT Pro Bono Clearing House would write to the National Pro Bono Resource Centre seeking to be included in the National PII Scheme. The Committee were of the view that this may be a

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means of increasing the number of referees.

Debbie Sims (ACT Law Society)

## **ALTERNATE DISPUTE RESOLUTION**

Uwe Boettcher (Chair)

Graeme Blank

Greg Brackenreg

Robert Clynes

Michael Flynn

Graeme Gunn

Stephen Herrick

Kim Lackenby

Nithya Sambasivam

Katrina Spyrides

Jocelyn Campbell (Committee Administrator)

The ADR Committee was reconvened on 20 April 2009, largely for the purposes of allowing the Society to comment on the NADRAC inquiry into alternate dispute resolution.

The Committee considered the mediation guidelines for legal practitioners and resolved that the requirement that a mediator should be registered with an approved agency in accordance with the **Mediation Act 1997** should be deleted. Guideline 7, "that a mediator must not mediate unless the mediator had the necessary competence to do so", is a sufficient safeguard for the public.

The focus for the Committee will now be to review the Mediation Kit and to generally promote the adoption of Alternate Dispute Resolution to the community, lawyers and court administration.

Uwe Boettcher (Chair)

## **CHILDREN'S & MENTAL HEALTH**

Darryl Perkins (Chair)

Radmila Andric

Sheila Foliaki-Singh

Helen Hayunga

Peter Johnson

Cindy Kua

Jeremy Leyland

Brian Liddy

John Lundy

Katrina Mackenzie

Athol Morris

Amanda Nuttall

Cathleen Timbs

Michael Toole

Jocelyn Campbell (Committee Administrator)

The last twelve months has seen considerable changes within this Committees sphere of interest.

We have worked through a change of Chair, and many thanks for Jerry Leyland remaining with the Committee. His effort and expertise in the area has been invaluable. We now have on the Committee either representatives from or persons working for the DPP, Magistrates Court, Legal Aid, Supreme Court, Public Advocates Office, ACAT, and in the private profession.

The new Children's and Young Persons Act 2008 Act has been progressively enacted, an Act of some 800 plus pages and referring to numerous other acts. The preparation for and opening of the new Children's Centre, Bimberri at Gungahlin has been a real success.

There has been developing debate in terms of much needed secure and open residential mental health facilities, for children, youth and adults. On top of this is an increasing concern in regard to the lack of crisis and medium term beds for youth at risk.

The Legal Aids Office (ACT) decision to not increase rates to privately employed solicitors in children's and mental health matters deserves note. Given the most significant and complicated changes to legislation, this will unduly impact on the ability of private practitioners to take on matters in these very needy areas.

The Committee is currently responding to issues such as what seems to be an inflexible approach by ACT Policing to arrest young people rather than releasing them to bail. The lack of residential options seems to be part of every meetings agenda, not to mention the interpretation and implementation of the new Act.

I commend those persons involved in this Committee, in an area so desperately starved of resources and in need of ongoing care and effort.

Darryl Perkins (Chair)

## **CHURCH**

Lady Lorraine Bevan (Chair)

Barbara Campbell (until August 2008)

Chris Erskine

Ken Hubert

Yvette De Paoli (Member Services Officer)

The Church Committee only meets 4 or 5 times from, end July onwards. During these few months before Christmas we have to move very expeditiously to send out the many various invitations and obtain necessary approval for the date and venue.

The Service this year was held at St Andrew's Presbyterian Church Forrest.

Again this year, as we always try to do, the Committee decided to be innovative.

The format, the participation of the many people involved in the service and the speaker, His Hon. Justice Richard Refshauge, we wish to particularly thank.

We wish to also thank Rev. Joy Bartholomew for allowing us to use her Church at short notice. We were due to have the Service at St Joseph's Catholic Church, O'Connor, but unfortunately the works following the fire were not quite completed in time as had been expected by Fr. Kennedy and our Committee.

We were happy as to the number of members who attended the service, which appears to be improving year after year. Again, I must thank Mr Ken Hubert for his efforts in promotion and advertising. I wish to thank Ms Jane Godtschalk playing the bagpipes, Mr Alyn Doig for his guitar solo, the St Andrew's Choir and Beth Cathcart the Organist.

As stated previously, we are the only place in Australia,

apart from the Northern Territory which holds an Ecumenical Church Service, and again I re-iterate that as the Committee puts so much work into the service to ensure that all denominations are catered for, we would like to see more practitioners support the commencement of the legal year by attending the church service. The reason for this, is that the ACT is too small to hold separate services as seen in the much larger capital cities in the various other states.

I wish to thank all those clergy who have assisted, and the various members of the Courts and our Legislative Assembly for bring involved.

Overall, we believe this year's service was most successful, and of course, we will strive to improve the service each year.

It is always a pity that more practitioners do not attend. Even if they do not normally go to church, or even if they do not agree with God, or Christian principals, the Address is always more than worthwhile.

This year Mr Asmi Wood, Legal Adviser to the Islamic Community read the first lesson. This was the first year that we have had a representative from the Islamic faith join us in our service. This is most welcome, and we would like to see other members of other faiths join us in the future.

Lorraine Bevan (Chair)

## **CIVIL LITIGATION**

Richard Faulks (Chair)

Graeme Blank

Mary Brennan

Annie Glover

John Henry

Steven Hausfeld

Walter Hawkins

Hugh Jorgensen

John Little

Melanie McKean

Athol Morris

Russell Patrick

Karl Pattenden

Sarah Simpson

Jocelyn Campbell (Committee Administrator)

The Committee has continued to meet monthly over the past 12 months. There has been regular consideration of ongoing issues relating to the Court Procedure Rules and suggestions made by Committee members for some changes, which have been implemented.

The commencement of the Road Transport (Third Party Insurance) Act 2008 from 1 October 2008, has led to discussion within the Committee and submissions to the ACT government about possible changes. This is an ongoing matter.

The Committee has welcomed the opportunity to have communications with the new ACT Civil and Administrative Tribunal and Athol Morris has now joined the Committee.

In addition to consideration of the rules and legislative changes, the Committee has regularly reviewed activities within the Magistrate and Supreme Courts and has received valuable input from Registrars, Annie Glover and Hugh Jorgensen.

It is anticipated that there will be further work to be done over the next 12 months in dealing with changes to the legislation concerning motor vehicle accidents, and possible changes to the Workers Compensation Scheme. The Committee has been in contact with the Minister to request appropriate consultation in relation to any such changes.

I am very grateful for the support given to me by the members of the Committee who comprise some of the most experienced practitioners in Canberra.

Richard Faulks (Chair)

## **COMMERCIAL & BUSINESS LAW**

Brian Tetlow (Chair)

Allan Bedford

Peter Garrisson

Doug Gillespie

Katy Grimes (until October 2008)

David Hanstein

John Irvine

Richard Lewis

Chris Macphillamy

Judy Morris

Geoff Nicholl

Peter Quinton

Paul Salinas

Jason Wenning

John Williams

Jocelyn Campbell (Committee Administrator)

The Committee meets monthly and has tried to act pro-actively in relation to issues of significance to the profession.

This year the Committee has considered:

- The Powers of Attorney Act
- Money Laundering issues for solicitors
- Liaison with the Business Law Section of the Law Council
- Tax and incorporated legal practices
- Carbon trading
- The rule against perpetuities

As well as these issues a broad range of matters have come before the Committee and my thanks go to the Committee members for the time and effort they have put into the Committee's work.

Brian Tetlow (Chair)

## **COMPLAINTS**

Graeme Finlayson (Chair until 18 June 2009)

Lois Clifford

Bill Coombes

Sheena Dadge (Lay member)

Michael Deasey

Jim Dunn

Michael Eley

Tony Foley

Karen Fogarty (Chair from July 2009)

Jeanine Lloyd

Col Maclachlan

Ross Reid

Alyssa Taylor



Mark Tigwell  
Linda Mackay (Complaints Secretary)

It has been a busy year for the Complaints Committee and one of change. The year has seen ACAT commence and the resignation of two senior members - Graeme Finlayson who was Chair of the Committee for over 13 years, and Bill Coombes a Committee member for 16 years. Both will be missed for their wealth of experience, knowledge and practical observations they brought to the Committee. The Committee wishes them all the best that retirement can offer.

I have accepted the position of Chair and look forward to the challenges that this will bring. The new members of the Committee are Christine Harvey from McSpedden Harvey (a former Professional Standard Director of the Society) and Fred Lester from Pamela Coward Higgins (the former chair of the Young Lawyers committee).

During the year the Committee has dealt with 112 formal complaints received during the reporting year, eight more than the previous year. In addition to the handling of the formal complaints received, our Complaints Committee Secretary Linda Mackay and Professional Standards Director Robert Reis have dealt with approximately 150 enquiries received from practitioners and 280 from members of the public.

To assist practitioners, an analysis of the complaints received has been carried out. This analysis indicates the type of conduct raised in the complaints. In relation to the type of the complaints, the major areas of law and concern were:

| Areas of Law                            | 2008/2009 |
|---|-----------|
| Family Law                              | 28        |
| Conveyancing                            | 27        |
| Civil Litigation                        | 21        |
| Criminal Law                            | 11        |
| Personal Injuries/Medical Negligence/WC | 8         |
| Wills & Probate                         | 7         |
| Other                                   | 10        |
|   |           |
| Type of Matter                          |           |
| Costs                                   | 34        |
| Failure to communicate                  | 12        |
| failure to follow instructions          | 8         |
| Possible negligence                     | 5         |
| Discourtesy                             | 7         |
| Conflict of interest                    | 10        |
| Delay                                   | 14        |
| Trust account irregularities            | 5         |
| Acting without instructions             | 9         |
| Quality of service                      | 8         |
| General conduct                         | 24        |

In relation to the Complaints that warrant further action, they are referred to the Council of the Law Society which deals with the matter or the Council refers it to ACT

Civil and Administrative Tribunal (ACAT). When ACAT commenced in February the Legal Practitioners Disciplinary Tribunal ceased operation.

There are currently 13 disciplinary matters filed in ACAT of which 10 have been heard. 5 of these decisions are still reserved. In each of the 5 decided matters, a finding of unsatisfactory professional conduct by the Practitioner was made.

The Council of the Law Society summarily concluded complaints against 3 Practitioners under the provisions of section 413 of the Legal Profession Act 2006.

My gratitude is extended to Robert Reis and Linda Mackay and all members of the Committee for their hard work and dedication over the past year.

Karen Fogarty (Chair)

## CONTINUING LEGAL EDUCATION

Mark Blumer (Chair)  
Graeme Blank  
Caroline Bush  
Tony Cibiras  
Rosemary Crowley (until August 2009)  
Louise Donohoe SC  
Michael Francis (until February 2009)  
Steven Gavagna  
Michael James (until August 2008)  
Jaleh Johannessen  
Michael Kukulies-Smith  
Richard Lewis (until July 2009)  
Sanaz Mirzabegian  
Melanie Moss (until December 2008)  
Athol Opas  
Alison Osmand (until January 2009)  
Simon Taylor  
Kelly Thomas (until June 2009)  
Dalila Velotti  
Ting Yuan (until June 2009)  
Loretta Zamprognio  
Yvette De Paoli (Member Services Officer)

The 2008/09 year was a much better year than last year for CLE.

There were 26 seminars (listed below) with an average of 35 registrations per seminar.

1. Relocation and Other Current Issues - 2/07/2008
2. Contract Update - Hazards of Termination - 17/07/2008
3. Ruling From the Grave - 24/07/2008
4. Guardianship in Practice - Tips & Traps for Legal Practitioners - 3/07/2008
5. Beginning Advocacy - 24/07/2008
6. Earn Out Burn Outs - Tax issues & implications for Business buyers & sellers after the deal is done - 12/08/2008
7. Unhappy Families - 14/08/2008
8. Preparing Affidavits - 19/08/2008 & 26/08/2008
9. Update on Child Support Legislation - 17/09/2008
10. Discriminatory Workplaces and Employer Liability - 15/10/2008
11. Personal Property Securities Register - 28/10/2008
12. Using Notional Estate Provisions to Strengthen your

- Family provision claim - 11/11/2008
13. A Magical mystery tour of the Acts Interpretation Acts - 19/11/2008
  14. Briefing Counsel - 26/11/2008
  15. Unraveling the Mysteries of Financial Statements - 18/03/2009
  16. Understanding Business Evaluations - 18/03/2009
  17. Assessment of Economic Loss in Personal Injuries Litigation - 18/03/2009
  18. Electronic Evidence - 18/03/2009
  19. A Grab Bag of current issues - 25/03/2009
  20. ACT Human Rights Act - 2/04/2009
  21. FOI Update - 30/04/2009
  22. ACAT - the first three months reviewed - 5/05/2009
  23. Beginning Advocacy - 5/05/2009
  24. Committing Crime - 2/06/2009
  25. Making Submissions - 2/6/2009 & 4/6/2009
  26. Structuring and Protecting Wealth Creation - 11/06/2009

The total 'profit' was \$28,906.99, on an income of \$59,402.35.

The CLE committee also discussed and advised the Council of the Law Society in relation to implementation issues of mandatory continuing professional development.

Thanks once again to the enthusiastic and knowledgeable members of the committee, to Yvette De Paoli, our effective and cheerful co-ordinator and to those who generously gave of their knowledge, skill and time to present seminars.

Mark Blumer (Chair)

## CRIMINAL LAW

Matt O'Brien (Chair)

Radmila Andric  
 Ben Aulich  
 Kim Bolas  
 Richard Davies  
 Brian Dunn  
 Shiela Foliaki Singh  
 Miriam Garni  
 Shane Gill  
 Annie Glover  
 Martin Hockridge  
 John Jasinski  
 Hugh Jorgensen  
 Michael Kukulies-Smith  
 Jerry Leyland  
 Brian Liddy  
 John Lundy  
 Dean Mayr  
 Elizabeth McLaughlin  
 Sean Moysey  
 Darryl Perkins  
 Jon White  
 Jocelyn Campbell (Committee Administrator)

The past twelve months have seen major changes to the Territory's criminal legislation and the practice of law particularly, but not exclusively, in the Magistrates Court. The Committee actively opposed some of these changes and advised the Society accordingly. The Committee had, and still has, doubts about the efficacy of the changes to the committal

system, the effect of the SARP legislation on the conduct of trials, and the long term ramifications of the changes to the Magistrates Court powers. The opening of the AMC brought with it some unforeseen problems of access which we are addressing with Corrective Services. It is hoped that we will be able to reach a satisfactory compromise in the near future.

The criminal legal profession has been particularly effected by the introduction of security screening in the ACT's Courts. The Committee will continue to press the Society to lobby on practitioners' behalf to obtain the same rights of access to the courts currently afforded to the AFP, Corrective Services and court staff. Rights of access which would reflect our unique status as Officers of the Court.

Over the past twelve months the committee has provided advice to the Society on or prepared submissions in relation to: the SARP legislation; the changes to the Magistrates Court committal process; changes to the Magistrates Court Act; the increased jurisdiction of the Magistrates Court; legislation relating to bill posting, urinating in public and organised crime; and the review of the Coroner's Act.

I would like to thank the Committee's members for their support and their assistance in relation to the preparation of advices to the Society. Particular thanks go to the Committee's secretary Jocelyn Campbell for all her work, support and incredible patience with a recalcitrant Chairman. Without her support the job of Chairman would be undoable.

Matt O'Brien (Chair)

## EQUAL OPPORTUNITIES IN THE LAW

Noor Blumer (Chair)

Louise Donohoe SC  
 Graeme Gunn  
 Traci Harris  
 Allyson Hine  
 Margaret Hunter  
 Valentina Josifovski  
 Leonie Kennedy  
 Patrick Mayoh  
 Sayuri Piper  
 Janean Richards  
 Ben Tallboys  
 Sara Wedgwood  
 Jocelyn Campbell (Committee Administrator)

The Equalising Opportunities in the Law Committee has met on:

- 12 August 2008
- 11 November 2008
- 10 February 2009
- 14 April 2009
- 9 June 2009

### Survey of Membership

The survey drafted by this committee was used, with some modification, by the ACT Law Society at membership renewal time. There was an excellent response to the survey. We are awaiting written results.

### Briefing of Counsel Seminar

The seminar on briefing counsel was held on 13 November 2008. Ms Donohoe SC and Noor Blumer of this committee

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were on the panel. Noor Blumer discussed the Model Equality of Opportunity Briefing Policy of the Law Council of Australia.

### **National Indigenous Legal Conference**

Noor Blumer attended this conference but there were no attendees from the ACT by indigenous law students. Greater efforts are being made to ensure ACT attendance is improved at this worthwhile conference in September this year.

### **Women's Legal Centre Indigenous Liaison Project**

Noor Blumer met with the Women's Legal Centre including Traci Harris, to discuss ways that the EOL Committee, the Law Society and the ACT Women Lawyers Association may be able to assist with the Project.

### **Judicial Complaint Mechanisms**

This committee continues to consider whether or not a formal system can be put in place for practitioners who are concerned about judicial behaviour. While concerns are few, they often involve discrimination issues and it is very difficult to find a channel for those concerns.

### **Facilities for the Deaf**

Sara Wedgwood is working on ensuring that all courts in the jurisdiction have sufficient access and facilities for the deaf.

### **Law Council of Australia EOL Committee Activities**

The committee is represented on the EOL Committee of the Law Council of Australia by Noor Blumer who chairs that committee. Louise Donohoe SC is also on that committee representing the ACT Bar Association and Janean Richards has been representing Australian Women Lawyers.

Some of the activities which were supported by this committee and the Law Society of the ACT are as follows:

- Court Appearance survey project was funded by the Law Council of Australia and is near to completion. This is a comprehensive survey of appearances in all superior courts in Australia by gender.
- Noor Blumer and Carole Caple of the LCA represented the LCA and gave evidence to the Inquiry into pay equity and associated issues relating to increasing female participation in the workforce by the House of Representatives Standing Committee on Employment and Workplace Relations. The Committee observed that the legal profession is probably the worst in terms of gender inequity that had come before the enquiry at that time.
- The Law Council of Australia EOL Committee continues to support the furtherance of the Model Equality of Opportunity Briefing Policy and its evolution.

### **Women Lawyers of the ACT and Australian Women Lawyers Activity**

Leonie Kennedy, current president of the Women Lawyers Association of the ACT is also a director of Australian Women Lawyers.

Regular reports were provided by Ms Kennedy.

Noor Blumer (Chair)

## **FAMILY LAW**

Olivia Gesini (Chair)

Kay Barralet

Stephen Bourke

George Brzostowski

Mary Burgess

Greg Burnett  
Barbara Campbell  
Lois Clifford  
Denis Farrar  
Gavin Howard  
Pam Lyndon  
Rhonda Payget  
Margaret Reid  
David Ridge  
Lessli Strong  
Carlos Turini  
Gillian Yeend  
Jocelyn Campbell (Committee Administrator)

During 2009 the Family Law jurisdiction (comprising the Courts, practitioners and litigants) has been coming to terms with the significant changes in Family Law practice over the past three years together with further new changes in the last 12 months, the chief among them:

1. The recent introduction on 1 March 2009 of Part VIIIAB of the Family Law Act which gives the Family Courts all but two of the States in Australia (SA and WA) jurisdiction over property settlements for defacto and same sex couples.
2. There has been continued experience of the Shared Parental Responsibility reforms made to the Family Law Act in 2006. Retired Family Court Justice Richard Chisholm and Research Psychologist Dr Jennifer McIntosh have been at the forefront of what may perhaps be described "a backlash" or sober reminder about the actual effect on children of Orders being made in the Family Law system increasingly dividing the amount of time that they spend with their parents. It would be fair to say that long gone are the days when a "standard" Contact Order was for a child to visit his/her father for every second weekend and half school holidays: the norm now is that the child will spend time with their non-resident parent for three to five nights per fortnight and half the school holidays. The philosophy is that in this way the child and parent have time to share not only weekend "fun" time but also some of the school time.
3. The jurisdiction of the Federal Magistrates Court has continued to grow with most filings now being in that Court and the Family Court of Australia hearing the longer and more complex trials only.
4. The Semple report on the operation of the Federal Family Courts has been released and the unification of the Federal Magistrates Court and Family Court into a two-tiered single structure is apparently under way. It will be some time until the effect of that is felt in practical terms.
5. In Canberra the two Courts always co-operated very well and the administration of the Courts with regard to the allocation of Registrars for conferences, shared Registry and Chambers and administrative support and the operation of the Family Consultants Service has appeared to operate very well. This is apparently not the case in all the Registries in Australia.
6. The Child Support reforms which have come into effect in three stages the last three years have been felt in the Community with in general the amount payable by non - resident parents to the caring parent



being reduced.

7. The Social Security Appeals Tribunal's operation as the Court of Appeal from the Child Support Agency in relation to many child support matters has continued with many matters being heard in that Tribunal.
8. Collaboration in the family law jurisdiction continues to develop in Canberra. The writer is the ACT member of the Law Council's National Committee of Collaborative Law which meets regularly.
9. Several further new Family Relationship Centres have commenced operation around Australia.
10. The Family Law Committee has continued to run its successful seminars on particular matters of interest to Family Law Practitioners and to produce its occasional newsletter, "The Family Way".
11. The Committee has continued its close ties with the Courts including by regular attendance of its representatives at Family Court Forum meetings convened by Deputy Chief Justice Faulks and meetings with the Federal Magistrates and Registrars of the Court.
12. As Chair the writer attended meetings with the Chairs of the other Family Law Committees of the various States and Territories in May 2009 in Melbourne. At the same time there was a useful meeting between that Committee and the Executive of the Family Law section of the Law Council at which several recent legal and procedural developments were discussed and protocols were implemented for further dissemination of information and sharing of resources.

Olivia Gesini (Chair)

## FUNCTIONS & LAW WEEK

Bill Redpath (Chair)

Chanaka Bandarage (until March 2009)

Bradley Beasley

Carol Benda

Jessica Bristol

Ben Caddaye

Helen Child

Louise Donohoe SC

Michael Edwards

Elenore Eriksson (until May 2009)

Annabel Fowler

Leonie Kennedy

Larry King

Fred Lester

Katrina Mackenzie

Samantha Nichol

Athol Opas

Jamie Ronald

Svetlana Todoroski

Heidi Yates (until August 2008)

Jocelyn Campbell (Committee Administrator)

Yvette De Paoli (Member Services Officer)

With some slight variations the Committee returned to its normal functions duties.

We held the usual opening of the Christmas Lunch, Legal Year drinks, a Members Lunch in April and to fit in with the National Golden Gavel, the Annual Dinner in July. By

popular demand this returned to the Lobby and proved successful, even in the depths of winter.

Having experimented with twilight AGM and drinks we returned to the more civilized prospect of AGM lunch and as well as a Christmas Lunch at the Chairman and Yip.

Although when the ACT Law Society first raised it seven years ago no one was interested, it was gratifying that this year we held the first National Law Week.

The ACT Law Society has continued to sponsor this process and that this is likely to continue and that there may also be a national theme next year, we might even get flags.

This year coincided with the 75th Anniversary of the ACT Supreme Court and the Law Week Dinner was transformed into a commemorative dinner for the court organised by the Court Administrator, Helen Child, and Svetlana Todoroski of the ACT Bar with the Law Society providing the ticketing and administrative support.

Justice Lex Lasry gave this years Blackburn Lecture on the topic "**Unelected Judges – out of touch with the real world?**" which was both entertaining and thought provoking.

The soccer competition was again a success although too much of the organisation falls on the shoulders of Ben Caddaye. Thank you Ben. Unless there is more voluntary assistance given, we will not be able to run the competition in 2010. Congratulations to Blake Dawson, the 2009 winners.

A new initiative for Law Week 2009 was the Market Day which was an opportunity for community law centers and other legal bodies to get out amongst the community. Thank you to Athol Opas for pressing the Canberra Centre into action. It should be bigger and better next year.

As always the Young Lawyers Quiz Night (congratulations to ACT Government Solicitor, the winners) the Women and Law Forum, the mooting competition and the Drinks hosted by the Bar Association were a success.

The Committee was ably assisted by Yvette De Paoli, and in her absence, Jocelyn Campbell who helped organise most of Law Week.

The usual gripes for next year:

- Late RSVPs for functions
- Poor attendance at functions by large law firms
- The need for more volunteers for Law Week
- A more coherent public message in Law Week

but otherwise it was a good year.

Bill Redpath (Chair)

## INDUSTRIAL RELATIONS

John Wilson (Chair)

Bradley Beasley

Alan Campbell

Cawley Hennings

Ian Johnson

Danny Kynaston

Don Malcolmson

Jamie Ronald

Kiri Ross

Neil Wareham

Jocelyn Campbell (Committee Administrator)

The Society's Industrial Relations Committee meets to consider industrial relations and employment issues relevant

to the profession in the ACT and, through the Society, to advise members of developments in this area where appropriate. This year, issues that the Committee has considered include non-legal practitioners preparing collective agreements and other employment-related instruments for a fee, presentations to members (in conjunction with the Education Committee), national harmonisation of Workers Compensation and Occupational Health and Safety laws, and the federal government's 'Fair Dismissal Code.'

John Wilson (Chair)

## **LEGAL PROFESSION ACT & ETHICS**

Michael Phelps (Chair)

Paul Amarego

Rod Badgery

Trevor Barker

Jo Clay (until September 2008)

Graeme Finlayson (until June 2009)

Christine Harvey

Tom Howe QC

Robert Reis

Gerald Santucci

Gloria Wong

The Committee only had cause to meet on three occasions throughout the year with matters otherwise dealt with out of session.

The significant issues considered by the Committee were:

1. A consideration of Sections 223 & 229 of the Legal Profession Act and Regulation 62 as to the appropriate procedures to be observed in the transfer of legal costs in payment of fees and disbursements from monies held in trust.
2. Preliminary consideration of the proposed National Conduct Rules prior to a more stringent review by broader separate working groups established by the Society.
3. Drafting a Guidance Note in relation to the charging of disbursements and in particular a "trust account fee" and "sundry expenses".

The draft Guidance Note will shortly be considered by Council prior to distribution to members. It is a sensitive issue which has not previously been embraced in any authoritative fashion and yet it remains a controversial area of practice which attracts complaints. The Guidance Note is bound to stimulate active discussion.

I extend my thanks to the invaluable contribution and ongoing support from all committee members, the committee administrator and the Society's staff in general.

Michael Phelps (Chair)

## **PRACTICE MANAGEMENT**

Bill Baker (Chair)

Phil Davey

Rob Reis

Gary Tamsitt

Paul Vane-Tempest

Linda Mackay (Complaints Secretary)

The Practice Management Committee has again conducted a very successful Practice Management Course for solicitors seeking to obtain an Unrestricted Practising Certificate. There were 15 attendees at this year's course, with representatives from both the private sector and Government. Again the course was well received, with lots of positive feedback from attendees.

In addition to the Practice Management Course, the committee organised seminars covering Risk Management for Solicitors, Risk Management for Support Staff, Trust Accounting and seminars for newly admitted solicitors. In all, 151 people attended these seminars. Their popularity continues and that is no doubt a reflection on the presenters and the content. Those presenters were Rob Reis, John Buxton, Gerard Santucci, Maureen Miller, Phil Davey, Tanya Berlis and myself. I thank all of those folk for their efforts and particularly those of my colleagues who have given up their time on a voluntary basis.

I also express my deep gratitude for Linda Mackay, who has again made my job very simple indeed. Without her enthusiasm, organisational skills and pleasant manner, the committee simply would not function.

I also thank the other members of my committee, namely Graeme Blank, Phil Davey, Rob Reis, Gary Tamsitt and Paul Vane-Tempest. We have had a number of difficult issues to deal with through the year. Paul and the committee have given their time willingly to help make difficult decisions in a very careful and considered way.

Bill Baker (Chair)

## **PROPERTY LAW**

Michael James (Chair)

Tony Cibiras

John Chamberlain

Maggie Chapman

Alfonso del Rio

Michael Flynn

Ruth Harris

Geoff Hay

Jayson Hinder

Daniel Huby

John Irvine

Susan McCarthy

Roberta McRae

Jill McSpedden

Judy Morris

Richard Nesbitt

Tony Thew

Mark Tigwell

David Toole

Peter Waight

Chris Wheeler

Jocelyn Campbell (Committee Administrator)

The Property Law Committee has continued to have a full agenda, a busy committee, and significant legislative changes over the last 12 months.

The Committee has reinvigorated regular meetings between it and the ACT Revenue Office, and the Land Titles Office on a regular basis, and has also enjoyed a number of specific meetings with ACTPLA in relation to both planning and

---

leasehold issues.

There are a number of significant policy issues that the Committee has been involved in. The first were detailed representations made in relation to the changes to the Unit Titles legislation. In particular the Committee made extensive representations in relation to the "implied warranties" aspect of the new legislation, and continues to do so. As part of the changes to that legislation, the standard Contract for Sale was also re-written with the assistance of Geoff Hay, John Chamberlain and Jason Hinder.

A sub committee involving Mark Tigwell and Ruth Harris is also involved in further implementation issues. Ruth also continues to play an active role in relation to the legislative and policy issues relating to first home buyers, and has championed some improvements and education in relation to the same.

Chris Wheeler continues to spend large amounts of time in relation to implementation issues relating to the Planning Act, but has worked with myself and with Maggie Chapman of the Committee in relation to undertaking an as yet unfinished review of concessional leases in the ACT.

The Committee has also in the period undertaken policy input in relation to the Lands Acquisition Act (Commonwealth), provided commentary in relation to the Land Titles Office forms, provided commentary in relation to registration of land rent crown leases, and at a recent meeting met with the Department of Treasury to discuss implementation issues concerning the "Mortgage Relief Fund", being considered by Government.

In all, it has continued to be a busy but enjoyable period, with the prospect of the same again for the following year. As always the output of the Committee is a function of the enthusiasm and generous commitment of time given by its hard working members, who I gratefully thank for their contribution.

Michael James (Chair)

## **YOUNG LAWYERS**

Fred Lester (Chair)

Sayuri Piper (Vice-Chair)

Natalie Bruno

Kristy Domitrovic

Anneka Ferguson

Leila Galang

Rohan Goyne

Farhana Islam

Andrew Joseph

Elizabeth Landford

Josie Mackay-Sim

Gavan Mackenzie

Brooke Miechel

Theresa Miskle

Cheryl Nemeth

Jennifer Newman

John Plumidis (until November 2008)

Lisa Quilty

Nathalie Shepherd

Ting Yuan

Liana Westcott

Jocelyn Campbell (Committee Administrator)

The Young Lawyers' Committee has had a ripsnorter of a

year in 2008/2009.

We've had the annual events such as Long Rail Gully Wine Tasting, the Christmas Cruise, the Quiz Night and the Golden Gavel. All of these events keep getting bigger and bigger, which is fantastic for the committee and for our members.

Young Lawyers' are infiltrating every corner of the Law Society, whether it be at social events, educational seminars or on the many committees and pro bono services that the Law Society offers.

One of the major highlights for this year has been this year's Quiz Night, which raised a whopping \$6,186.35 for Arthritis ACT (this year's Law Week Charity). This would not have been possible without the generous sponsorship of Gillian Beaumont Legal, long time supporters of the YLC, and the ever helpful Steve and Jane who have been writing the Quiz questions for 15 years now.

The second highlight has to be that as this goes to print, 195 Young Lawyers are enjoying the first Young Lawyers' Ball since, as I understand it from Mr Coombes, 1981. We are optimistic that this will become an annual event on our calendar.

I'm pleased to report that we will have at least two representatives at the first National Young Lawyers' Conference, to be held in conjunction with the Law Council's Australian Legal Convention in Perth in September.

It is also pleasing to note from my liaisons with the Chairs of the other Young Lawyers' bodies around Australia that our Committee punches well above it's weight in terms of the quality and regularity of events and seminars that we hold, especially considering that we have (much) less resources than many of the other societies.

We've seen two Golden Gavels in the last year. With Theresa Miskle taking out the 2008 Gavel and representing the ACT brilliantly at the National finals in Sydney, Andrew Joseph took the wine last year, with the people's choice award. We are very grateful to Andrew Rickard and DFP Recruitment for sponsoring that event.

This year's Gavel saw a very close finish with five contestants. Rouslun Churches crossed the line first and will represent the ACT at the National Final in Perth in September. Shelley Mulherin rejoiced in the people's choice award and (I expect) the resultant bottles of Long Rail Gully. This year we are very pleased to welcome MIMS, the Medical Publishers, as a sponsor of the event and we were grateful that Helen Gilmour from MIMS was able to attend.

Many of you will have seen the return to the glossy Obiter Dictum in the last month. We are thrilled that Law Image has come on board as a new sponsor this year and are assisting the YLC by printing Obiter and assisting with design.

These events (and many more) are still to come in the 09/10 year - the Long Rail Gully Wine Tour approaches very quickly. We are, as always, very grateful to Gary, Barbara and Richard for their hospitality at LRG and also for their support throughout the year for events such as the Gavel.

It's been a fantastic year, especially with such an energetic committee and of course we have been assisted by all of the staff at the Law Society throughout the year, but a very special thank you must go to Jocelyn and Kathleen for their every cheerful and studious assistance.

Fred Lester (Chair)

# Treasurer's Report 2008/09

## Financial Statements

actlawsociety

I am pleased to present the Annual Report on the Society's Accounts for 2008/09.

**1. General Account**

This account covers the income and expenditure relating to the general operations of the Society.

**2. Statutory Deposits Trust Account**

This account comprises deposits of solicitors' trust moneys lodged with the Society to earn interest which is paid into the Statutory Interest Account.

**3. Statutory Interest Account**

This account is used to accumulate interest earned on funds deposited in the Statutory Deposits Trust Account together with interest earned on the balances in solicitors' trust accounts. From it grants are made to support the Legal Aid Commission and other legal aid services. The costs of disciplinary proceedings are paid from this account.

**4. Solicitors' Fidelity Fund**

The Fidelity Fund exists to meet any claims by clients for compensation in respect of loss arising from a solicitor's failure to account for trust funds or other valuable property. The costs of random inspections, investigations and the appointment of managers are met from this Fund.

### General Account

The General Account recorded a surplus of \$62,138 which increased the Society's accumulated funds to \$936,983 as at 30 June 2009.

This very satisfactory result was largely due to increased revenue from practising certificate fees as a result of an increased number of practitioner members.

In view of the economic downturn, Council will continue to closely monitor all expenditure. At this stage it appears that the Society is unlikely to record a surplus for the 2009/10 financial year.

### Statutory Deposits Trust Account

Total deposits at 30 June 2009 amounted to over \$9.4 million, a decrease of 5% on the previous year.

It will be noted from the statement of cash flows that this decrease was due to additional deposits totalling \$2,881,670 less repayments of deposits amounting to \$3,386,325.

### Statutory Interest Account

The Statutory Interest Account derives its income from interest on solicitors' statutory deposits, interest on the balance in solicitors' trust accounts, and from the investment of the funds held in the Statutory Interest Account itself.

The income of the Account of \$2,304,997 was a decrease of 20% on the previous year, due largely to the sharp decline in interest rates.

Council has decided that an amount of \$1,765,000 will be made available during 2009/10 for grants to the Legal Aid Commission and other community legal aid organisations. This is approximately 7% less than the 2008/09 grants total of \$1,900,000.

### Solicitors' Fidelity Fund

The accumulated funds of the Fidelity Fund increased by \$200,185 to a total of \$4,660,022 as at 30 June 2009.

It is again pleasing to note that the Society has not been required to pay compensation as a result of a defalcation since 1999.



**Bill Coombes**

Treasurer



**The Law Society of the  
Australian Capital Territory**

**Financial  
Statements**

**30 June 2009**

**actlawsociety**

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**THE LAW SOCIETY OF THE  
AUSTRALIAN CAPITAL TERRITORY  
ABN 60 181 327 029**

**FINANCIAL REPORT  
30 JUNE 2009**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

|   | Notes | 2009<br>\$    | 2008<br>\$    |
|---|-------|---------------|---------------|
| Revenue                                 | 2     | 1,571,954     | 1,531,835     |
| Employee benefits expense               |       | (801,405)     | (767,350)     |
| Rent and related expense                |       | (119,872)     | (105,705)     |
| Functions and seminars                  |       | (121,880)     | (133,455)     |
| President's allowance                   |       | (83,951)      | (80,589)      |
| Capitation fees                         |       | (128,373)     | (114,549)     |
| Depreciation expense                    | 8     | (48,870)      | (35,163)      |
| Postage and couriers                    |       | (37,455)      | (30,888)      |
| Printing and stationery                 |       | (20,929)      | (22,491)      |
| Insurances                              |       | (16,867)      | (17,942)      |
| Legal expenses                          |       | (572)         | (1,484)       |
| Travel and accommodation                |       | (2,274)       | (13,400)      |
| Committee and executive working lunches |       | (21,398)      | (20,395)      |
| Other expenses                          |       | (105,970)     | (102,606)     |
| <b>Profit for the year</b>              |       | <u>62,138</u> | <u>85,818</u> |

(Notes to the financial statements are annexed)

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**BALANCE SHEET  
AS AT 30 JUNE 2009**

|                                      | Notes | 2009<br>\$       | 2008<br>\$       |
|--------------------------------------|-------|------------------|------------------|
| <b>Current assets</b>                |       |                  |                  |
| Cash and cash equivalents            | 4     | 965,224          | 883,518          |
| Investments                          | 5     | 584,841          | 539,554          |
| Trade and other receivables          | 6     | 249,086          | 249,659          |
| Inventory                            | 7     | 10,024           | 6,441            |
| <b>Total current assets</b>          |       | <u>1,809,175</u> | <u>1,679,172</u> |
| <b>Non-current assets</b>            |       |                  |                  |
| Office furniture and equipment       | 8     | 264,698          | 291,074          |
| Rental bond                          |       | 33,062           | 31,192           |
| <b>Total non-current assets</b>      |       | <u>297,760</u>   | <u>322,266</u>   |
| <b>Total assets</b>                  |       | <u>2,106,935</u> | <u>2,001,438</u> |
| <b>Current liabilities</b>           |       |                  |                  |
| Trade and other payables             | 9     | 947,287          | 911,170          |
| Provisions                           | 10    | 222,665          | 209,090          |
| <b>Total current liabilities</b>     |       | <u>1,169,952</u> | <u>1,120,260</u> |
| <b>Non-current liabilities</b>       |       |                  |                  |
| Provisions                           | 10    | -                | 6,333            |
| <b>Total non-current liabilities</b> |       | <u>-</u>         | <u>6,333</u>     |
| <b>Total liabilities</b>             |       | <u>1,169,952</u> | <u>1,126,593</u> |
| <b>Net assets</b>                    |       | <u>936,983</u>   | <u>874,845</u>   |
| <b>Equity</b>                        |       |                  |                  |
| Accumulated funds                    |       | <u>936,983</u>   | <u>874,845</u>   |
| <b>Total equity</b>                  |       | <u>936,983</u>   | <u>874,845</u>   |

(Notes to the financial statements are annexed)

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009           | 2008           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Accumulated Funds</b>                       |                |                |
| Balance at the beginning of the financial year | 874,845        | 789,027        |
| Profit for the year                            | <u>62,138</u>  | <u>85,818</u>  |
| Balance at the end of the financial year       | <u>936,983</u> | <u>874,845</u> |

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009               | 2008               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Cash flows from operating activities</b>          |                    |                    |
| Receipts from members and others                     | 1,594,981          | 1,605,732          |
| Payments to suppliers and employees                  | <u>(1,526,253)</u> | <u>(1,476,693)</u> |
| Interest received                                    | 68,728             | 129,039            |
|  | <u>80,759</u>      | <u>74,279</u>      |
| Net cash inflow/ (outflow) from operating activities | 149,487            | 203,318            |
| <b>Cash flows from investing activities</b>          |                    |                    |
| Proceeds from sale of office furniture and equipment | -                  | 13,700             |
| Payments for investments                             | (45,287)           | (34,005)           |
| Payments for office furniture and equipment          | <u>(22,494)</u>    | <u>(150,370)</u>   |
| Net cash inflow/ (outflow) from investing activities | <u>(67,781)</u>    | <u>(170,675)</u>   |
| <b>Net increase/ (decrease) in cash held</b>         | 81,706             | 32,643             |
| Cash at the beginning of the financial year          | <u>883,518</u>     | <u>850,875</u>     |
| <b>Cash at the end of the financial year</b>         | 965,224            | 883,518            |

Notes

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Profession Act 2006.

This financial report covers The Law Society of the Australian Capital Territory (the Society) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councilors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the Society and no material impact on the income statement or balance sheet of the Society. Application of the pending standards is expected to have a minor impact on the disclosures currently made in the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

**Accounting policies**

(a) **Income Tax**

The Society is exempt from income tax under section 50-25 of the Income Tax Assessment Act.

(b) **Inventory**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any. Costs are assigned on the basis of the First In First Out (FIFO) Method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Office Furniture and Equipment**

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

Where a revaluation has been performed, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of office furniture and equipment is reviewed at each balance sheet date 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 assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Society commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The expected useful lives are as follows:

Office furniture and equipment      3-15 years.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Financial Instruments**

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*Financial liabilities*

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

*Impairment*

At each reporting date, an assessment is made whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(f) **Investments**

Interest in bank bills and deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(h) **Trade and Other Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis.

(i) **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year and which were unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Revenue from practicing certificates is recognised in the year to which the fees relate.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(l) Employee Benefits**

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. The benefits due to be settled within one year to employees for their entitlements have been measured at the amounts expected to be paid including on-costs and are disclosed as current liabilities. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

**(m) Provisions**

Provisions are recognised when the Society 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 the outflow can be reliably measured.

**(n) Comparative Figures**

Comparative figures have been adjusted, where necessary, to conform to changes in presentation for the current financial year.

**Critical Accounting Estimates and Judgements**

The Councilors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Society.

The Councilors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

| NOTE 2  | 2009             | 2008             |
|---|------------------|------------------|
| REVENUE   | \$               | \$               |
| <b>Revenue from operating activities</b>  |                  |                  |
| Practising certificate fees   | 753,836          | 719,545          |
| Members' subscriptions  | 12,126           | 12,445           |
| Capitation fees   | 129,109          | 107,285          |
| Reimbursement of expenses   |                  |                  |
| - Statutory Interest Account – administration*                                    | 62,046           | 61,505           |
| - Statutory Interest Account – Legal Advice Bureau*                               | 31,965           | 28,632           |
| - Statutory Interest Account – professional standards*                            | 119,147          | 118,534          |
| - Solicitors' Fidelity Fund of the Australian Capital Territory – administration* | 32,214           | 32,818           |
| Profit on standard forms  | 56,846           | 43,706           |
| Income from functions   | 55,079           | 90,467           |
| Ethos advertising and subscriptions   | 7,813            | 16,292           |
| Subscription from seminars  | 59,709           | 35,632           |
| Project Officer contributions   | 41,506           | 40,945           |
| Certificates of good standing   | 9,291            | 9,783            |
| Settlements Office contributions  | 55,817           | 60,126           |
| Practice management courses   | 38,050           | 23,350           |
| Gain on disposal of asset   | -                | 10,985           |
|   | <u>1,464,554</u> | <u>1,412,050</u> |
| <b>Revenue from outside the operating activities</b>                              |                  |                  |
| Sponsorship   | 25,374           | 28,398           |
| Interest  | 68,366           | 77,961           |
| Miscellaneous income  | 13,660           | 13,426           |
|   | <u>107,400</u>   | <u>119,785</u>   |
|   | <u>1,571,954</u> | <u>1,531,835</u> |

\* These amounts are received from entities managed and administered by the Society under the Legal Profession Act 2006.

**NOTE 3 PROFIT / (LOSS)**

Included in the profit and loss are the following specific items of expenditure:

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Rental payments on operating lease | (104,243)       | (96,813)        |
| Depreciation                       | (48,870)        | (35,163)        |
| Superannuation contributions       | <u>(64,279)</u> | <u>(62,448)</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

## NOTE 4 CASH AND CASH EQUIVALENTS

|              | 2009           | 2008           |
|--------------|----------------|----------------|
|              | \$             | \$             |
| Cash on hand | 300            | 300            |
| Cash at bank | 964,924        | 883,218        |
|              | <u>965,224</u> | <u>883,518</u> |

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Balances as above                | 965,224        | 883,518        |
| Balances per cash flow statement | <u>965,224</u> | <u>883,518</u> |

## NOTE 5 INVESTMENTS

*Held-to-Maturity Investments*  
St George Bank term deposits

|  |                |                |
|--|----------------|----------------|
|  | 584,841        | 539,554        |
|  | <u>584,841</u> | <u>539,554</u> |

These deposits have an average maturity of 6 months from the date of their deposit.

## NOTE 6 TRADE AND OTHER RECEIVABLES

|                             |                |                |
|-----------------------------|----------------|----------------|
| Trade debtors               | 152,372        | 23,763         |
| Prepayments and deposits    | 39,446         | 34,785         |
| Accrued interest receivable | 7,109          | 19,502         |
| Other accrued income        | 41,874         | 160,031        |
| GST refund receivable       | 4,341          | 11,578         |
| Undeposited funds           | <u>3,944</u>   | -              |
|                             | <u>249,086</u> | <u>249,659</u> |

## NOTE 7 INVENTORY

|                    |               |              |
|--------------------|---------------|--------------|
| Contracts for sale | 9,830         | 6,269        |
| Tenancy agreements | 194           | 172          |
|                    | <u>10,024</u> | <u>6,441</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

## NOTE 8 OFFICE FURNITURE AND EQUIPMENT

|                                      | 2009             | 2008             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| Office furniture and equipment       |                  |                  |
| At cost                              | 496,379          | 483,650          |
| Less: accumulated depreciation       | <u>(231,681)</u> | <u>(192,576)</u> |
| Total office furniture and equipment | <u>264,698</u>   | <u>291,074</u>   |

## Reconciliation

A reconciliation of the carrying amount at the beginning and end of the current financial year is set out below.

|  | 2009            | 2008            |
|--|-----------------|-----------------|
| Carrying amount at the beginning of the year | 291,074         | 178,582         |
| Additions                                    | 22,494          | 150,370         |
| Disposals                                    | -               | (2,715)         |
| Depreciation expense                         | <u>(48,870)</u> | <u>(35,163)</u> |
| Carrying amount at the end of the year       | <u>264,698</u>  | <u>291,074</u>  |

## NOTE 9 TRADE AND OTHER PAYABLES

|   |                |                |
|---|----------------|----------------|
| Other liabilities   |                |                |
| Subscriptions in advance  | 870,984        | 832,522        |
| Accruals  | 32,079         | 28,923         |
| Payable – Solicitors' Fidelity Fund of the Australian Capital Territory | 1,300          | 3,510          |
| CTP/WC Campaign Fund  | 1,572          | 1,572          |
| Lease incentive   | <u>6,440</u>   | <u>16,100</u>  |
| Total other liabilities   | 912,375        | 882,627        |
| Trade creditors   | <u>34,912</u>  | <u>28,543</u>  |
|   | <u>947,287</u> | <u>911,170</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

## NOTE 10 PROVISIONS

|                                  | 2009           | 2008           |
|----------------------------------|----------------|----------------|
|                                  | \$             | \$             |
| <i>Current</i>                   |                |                |
| Provision for annual leave       | 130,477        | 130,500        |
| Provision for long service leave | 92,188         | 78,590         |
|                                  | <u>222,665</u> | <u>209,090</u> |
| <i>Non-Current</i>               |                |                |
| Provision for long service leave | -              | 6,333          |

The amount of current long service leave expected to be settled within 12 months of the end of the financial year is nil (2008: nil).

## NOTE 11 FINANCIAL INSTRUMENTS

**(a) Terms, Conditions and Accounting Policies**

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

**(b) Financial Risks and Risk Management**

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Society does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Society is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The Society is not exposed to currency and price risks.

**Liquidity risk**

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Society has adequate working capital to meet its financial liabilities at year end. All financial liabilities are expected to be settled within 3 months.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the Society suffering a financial loss. The maximum exposure to credit risk at balance date in respect of recognised financial instruments, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

## NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

**Credit risk (Cont'd)**

This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. The Society does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Society. As such, collateral is not requested nor is it the Society's policy to securitise its trade and other receivables.

**Interest rate risk**

The Society's exposure to interest rate risk is managed by the Society reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Society's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

| 2009                                      | Floating interest rate | Fixed interest rate <1 year | Non-interest bearing | Total            |
|---|------------------------|-----------------------------|----------------------|------------------|
|   | \$                     | \$                          | \$                   | \$               |
| <b>Financial assets</b>                   |                        |                             |                      |                  |
| Cash and cash equivalents                 | 964,924                | -                           | 300                  | 965,224          |
| Trade and other receivables               | -                      | -                           | 194,246              | 194,246          |
| Investments                               | -                      | 584,841                     | -                    | 584,841          |
| <b>Total</b>                              | <u>964,924</u>         | <u>584,841</u>              | <u>194,546</u>       | <u>1,744,311</u> |
| Weighted average interest rate            | 2.50%                  | 3.27%                       |                      |                  |
| <b>Financial liabilities</b>              |                        |                             |                      |                  |
| Trade and other payables                  | -                      | -                           | 69,863 *             | 69,863           |
| <b>Total</b>                              | <u>-</u>               | <u>-</u>                    | <u>69,863</u>        | <u>69,863</u>    |
| <b>Net financial assets/(liabilities)</b> |                        |                             |                      | <u>1,674,448</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)**

| 2008                                      | Floating<br>interest<br>rate<br>\$ | Fixed<br>interest rate<br><1 year<br>\$ | Non-<br>interest<br>bearing<br>\$ | Total<br>\$      |
|---|------------------------------------|---|-----------------------------------|------------------|
| <b>Financial assets</b>                   |                                    |   |                                   |                  |
| Cash and cash equivalents                 | 883,218                            | -                                       | 300                               | 883,518          |
| Trade and other receivables               | -                                  | -                                       | 183,794                           | 183,794          |
| Investments                               | -                                  | 539,554                                 | -                                 | 539,554          |
| <b>Total</b>                              | <b>883,218</b>                     | <b>539,554</b>                          | <b>184,094</b>                    | <b>1,606,866</b> |
| Weighted average interest rate            | 6.75%                              | 7.84%                                   |                                   |                  |
| <b>Financial liabilities</b>              |                                    |   |                                   |                  |
| Trade and other payables                  | -                                  | -                                       | 62,548 *                          | 62,548           |
| <b>Total</b>                              | <b>-</b>                           | <b>-</b>                                | <b>62,548</b>                     | <b>62,548</b>    |
| <b>Net financial assets/(liabilities)</b> |                                    |   |                                   | <b>1,544,318</b> |

|                                     | 2009          | 2008          |
|-------------------------------------|---------------|---------------|
| * Trade creditors and accruals      | 66,991        | 57,466        |
| Payable – Solicitors' Fidelity Fund | 1,300         | 3,510         |
| CTP/WC Campaign Fund                | 1,572         | 1,572         |
|                                     | <u>69,863</u> | <u>62,548</u> |

The Society's exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Society holding cash and cash equivalents and short term investments. The Society minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)**

| 2009                               | Carrying<br>Amount<br>\$ | Interest Rates  |                 | \$            |
|------------------------------------|--------------------------|-----------------|-----------------|---------------|
|                                    |                          | -1%<br>Profit   | Equity          |               |
| <b>Financial assets</b>            |                          |                 |                 |               |
| Cash and cash equivalents          | 965,224                  | (9,652)         | (9,652)         | 9,652         |
| Trade and other receivables        | 194,246                  | -               | -               | -             |
| Investments                        | 584,841                  | (5,848)         | (5,848)         | 5,848         |
| <b>Financial liabilities</b>       |                          |                 |                 |               |
| Trade and other payables           | 69,863                   | -               | -               | -             |
| <b>Total increase / (decrease)</b> |                          | <b>(15,500)</b> | <b>(15,500)</b> | <b>15,500</b> |
| <b>2008</b>                        |                          |                 |                 |               |
| <b>Financial assets</b>            |                          |                 |                 |               |
| Cash and cash equivalents          | 883,518                  | (8,835)         | (8,835)         | 8,835         |
| Trade and other receivables        | 183,794                  | -               | -               | -             |
| Investments                        | 539,554                  | (5,396)         | (5,396)         | 5,396         |
| <b>Financial liabilities</b>       |                          |                 |                 |               |
| Trade and other payables           | 62,548                   | -               | -               | -             |
| <b>Total increase / (decrease)</b> |                          | <b>(14,231)</b> | <b>(14,231)</b> | <b>14,231</b> |

**(c) Net Fair Values**

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

**NOTE 12 CAPITAL RISK MANAGEMENT**

The Society's objectives when managing capital are to safeguard its ability to continue as a going concern.

As the Society does not issue shares, it manages its capital through the budget process and ensures that adequate funds are maintained to meet its operational and financial objectives. The Society monitors its capital on the basis of its working capital (current assets less current liabilities) and accumulated funds, as disclosed in the balance sheet.

There have been no changes to this strategy since the previous financial year.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

|   | 2009          | 2008          |
|---|---------------|---------------|
|   | \$            | \$            |
| <b>NOTE 13 REMUNERATION OF AUDITORS</b>   |               |               |
| Audit of the Society's financial report   | 7,250         | 6,750         |
| Audit of Statutory Deposits Trust Account | 1,130         | 1,050         |
| Audit of Statutory Interest Account       | 1,985         | 1,850         |
| Audit of Solicitors' Fidelity Fund        | <u>1,985</u>  | <u>1,850</u>  |
|   | <u>12,350</u> | <u>11,500</u> |

No other benefits were received by the auditors.

**NOTE 14 CAPITAL AND LEASING COMMITMENTS**

*Lease commitments*

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:

|  |               |                |
|--|---------------|----------------|
| Within one year                                | 72,355        | 106,268        |
| Later than one year but not later than 5 years | -             | <u>72,822</u>  |
|  | <u>72,355</u> | <u>179,090</u> |

The total amount of rental expense recognised in the reporting period was \$104,243 (2008: \$96,813).

**NOTE 15 LEGISLATION**

The Society is constituted under the Legal Profession Act 2006. Pursuant to that Act the Society is responsible for operating and maintaining the following fund and accounts:

- The Solicitors' Fidelity Fund of the Australian Capital Territory;
- The Statutory Deposits Trust Account; and
- The Statutory Interest Account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

|   | 2009           | 2008           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>NOTE 16 RECONCILIATION OF THE PROFIT FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES</b> |                |                |
| Profit for the year   | 62,138         | 85,818         |
| Gain on disposal of asset   | -              | (10,985)       |
| Depreciation  | 48,870         | 35,163         |
| Change in operating assets and liabilities:   |                |                |
| (Increase)/decrease in rental bond  | (1,870)        | (3,259)        |
| (Increase)/decrease in inventories  | (3,583)        | (2,854)        |
| (Increase)/decrease in trade and other receivables  | 573            | 46,749         |
| Increase/(decrease) in subscriptions received in advance  | 38,462         | 38,224         |
| Increase/(decrease) in trade and other payables   | 9,525          | (1,094)        |
| Increase/(decrease) in Solicitors' Fidelity Fund of the ACT payable                                 | (2,210)        | 2,400          |
| Increase/(decrease) in provision for long service leave   | 7,265          | 11,080         |
| Increase/(decrease) in provision for annual leave   | (23)           | 11,736         |
| Increase/(decrease) in lease incentive  | <u>(9,660)</u> | <u>(9,660)</u> |
| Net cash inflow from operating activities   | <u>149,487</u> | <u>203,318</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 17 RELATED PARTIES**

The names of persons who were members of the Council of the Law Society of the Australian Capital Territory for any part of the year are as follows:

|                      |   |
|----------------------|---|
| Mr R J Barnett       | President   |
| Mr G P Walker        | Immediate Past President  |
| Mr A Opas            | Vice President  |
| Mr W Coombes         | Vice President to 17 September 2008, Treasurer from 18 September 2008 |
| Ms L E Vardanega PSM | Secretary   |
| Mr B Haich           | Treasurer to 17 September 2008, Vice President from 18 September 2008 |
| Ms K Barralet        |   |
| Mr B Biddington      |   |
| Mr I Campbell        |   |
| Mr C Donohue         |   |
| Mr M Hockridge       |   |
| Mr D Malcolmson      |   |
| Mr M O'Brien         |   |
| Ms J Reece           | To 17 September 2008  |
| Mr P Robertson       | From 18 September 2008  |
| Ms A Sullivan        |   |
| Mr P Vane-Tempest    |   |

Councillors and their related entities transact with the Society from time to time on normal terms and conditions that are no more favourable than those available to others. The types of transactions include practicing certificate fees, capitation fees, subscriptions, functions, seminars, courses and the sale of standard forms.

During the year the Society paid professional fees to Councillors or their Councillor-related entities within a normal client-solicitor relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Councillors or their Councillor-related entities at arm's length in the same circumstances.

The president receives an allowance for the services he provides to the Society. This allowance is included in key management personnel compensation below. No other member of council receives any remuneration from the Law Society of the Australian Capital Territory or a related entity.

During the year the Society paid \$1,827 (2008: \$2,598) in premiums for Councillors and Officers liability insurance.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 18 KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly, including any Councillor (whether executive or otherwise) of the Society.

The aggregate remuneration paid to key management personnel during the financial year is as follows:

|                | 2009           | 2008           |
|----------------|----------------|----------------|
|                | \$             | \$             |
| Salary         | 211,949        | 207,961        |
| Superannuation | 11,361         | 11,238         |
| Bonus          | -              | -              |
| Other benefits | -              | -              |
|                | <u>223,310</u> | <u>219,199</u> |

**NOTE 19 EVENTS AFTER THE BALANCE SHEET DATE**

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

**NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets at the end of the financial year.

**COUNCILLORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009**


The Councillors declare that the financial statements and notes set out on pages 1 to 20:

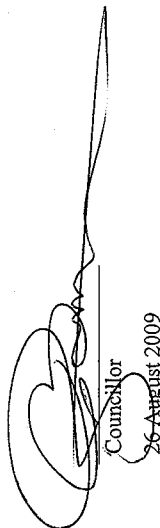
- (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Society's financial position as at 30 June 2009 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

  
Councillor  
26 August 2009

  
Councillor  
26 August 2009



Duesburys Nexia

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY**

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory (the Society) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

**The Responsibility of the Council for the Financial Report**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**


Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

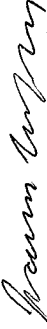
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditor's Opinion**

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory as at 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).



Duesburys Nexia  
Canberra, 16 August 2009



G J Murphy  
Partner

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT**

**FINANCIAL REPORT – 30 JUNE 2009**

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**THE LAW SOCIETY OF THE  
AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT  
FINANCIAL REPORT**

**30 JUNE 2009**

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT

INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|   | Notes | 2009<br>\$  | 2008<br>\$  |
|---|-------|-------------|-------------|
| Revenue   | 2     | 2,304,997   | 2,876,732   |
| Expenses  |       |             |             |
| Law Society of the Australian Capital Territory |       | (62,046)    | (61,505)    |
| - reimbursement of administration expenses      |       | (324,327)   | (128,747)   |
| Disciplinary legal costs                        |       | (32,516)    | (29,152)    |
| Legal Advice Bureau operating costs             | 9     | (120,081)   | (119,460)   |
| Professional Standards Office costs             |       |             |             |
| <b>Surplus before disbursements</b>             |       | 1,766,027   | 2,537,868   |
| Proposed disbursements S 253                    |       | (1,765,000) | (1,878,486) |
| <b>Surplus for the year</b>                     |       | 1,027       | 659,382     |

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT

BALANCE SHEET  
AS AT 30 JUNE 2009

|  | Notes | 2009<br>\$ | 2008<br>\$ |
|--|-------|------------|------------|
| <b>Current assets</b>                      |       |            |            |
| Cash and cash equivalents                  | 3     | 2,396,119  | 2,421,018  |
| Investments                                | 4     | 1,426,092  | 1,341,607  |
| Trade and other receivables                | 5     | 184,077    | 420,091    |
| <b>Total current assets</b>                |       | 4,006,288  | 4,182,716  |
| <b>Non-current assets</b>                  |       |            |            |
| Legal advice bureau furniture and fittings | 6     | -          | -          |
| <b>Total non-current assets</b>            |       | -          | -          |
| <b>Total assets</b>                        |       | 4,006,288  | 4,182,716  |
| <b>Current liabilities</b>                 |       |            |            |
| Trade and other payables                   | 7     | 63,425     | 105,880    |
| Provisions                                 | 8     | 1,765,000  | 1,900,000  |
| <b>Total current liabilities</b>           |       | 1,828,425  | 2,005,880  |
| <b>Total liabilities</b>                   |       | 1,828,425  | 2,005,880  |
| <b>Net assets</b>                          |       | 2,177,863  | 2,176,836  |
| <b>Equity</b>                              |       |            |            |
| Accumulated funds                          |       | 2,177,863  | 2,176,836  |
| <b>Total equity</b>                        |       | 2,177,863  | 2,176,836  |

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009<br>\$       | 2008<br>\$       |
|--|------------------|------------------|
| <b>Accumulated funds</b>                       |                  |                  |
| Balance at the beginning of the financial year | 2,176,836        | 1,517,454        |
| Surplus for the year                           | <u>1,027</u>     | <u>659,382</u>   |
| Balance at the end of the financial year       | <u>2,177,863</u> | <u>2,176,836</u> |

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009<br>\$         | 2008<br>\$         |
|--|--------------------|--------------------|
| <b>Cash flows from operating activities</b>  |                    |                    |
| Recovered disciplinary legal costs           | 236,091            | 73,933             |
| Miscellaneous receipts & GST refunds         | 268,809            | 135,044            |
| Disbursements and other operating payments   | <u>(804,209)</u>   | <u>(477,145)</u>   |
| Interest                                     | <u>(299,309)</u>   | <u>(268,168)</u>   |
| Net cash inflow from operating activities    | <u>2,258,895</u>   | <u>2,780,828</u>   |
|  | <u>1,959,586</u>   | <u>2,512,660</u>   |
| <b>Cash flows from investing activities</b>  |                    |                    |
| Payments for investments                     | <u>(84,485)</u>    | <u>(85,721)</u>    |
| Net cash (outflow) from investing activities | <u>(84,485)</u>    | <u>(85,721)</u>    |
| <b>Cash flows from financing activities</b>  |                    |                    |
| Section 253 disbursements                    | <u>(1,900,000)</u> | <u>(1,478,486)</u> |
| Net cash (outflow) from financing activities | <u>(1,900,000)</u> | <u>(1,478,486)</u> |
| <b>Net increase (decrease) in cash held</b>  | <u>(24,899)</u>    | <u>948,453</u>     |
| Cash at the beginning of the financial year  | <u>2,421,018</u>   | <u>1,472,565</u>   |
| <b>Cash at the end of the financial year</b> | <u>2,396,119</u>   | <u>2,421,018</u>   |

Notes

14

11

3



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Profession Act 2006.

This financial report covers The Law Society of the Australian Capital Territory Statutory Interest Account (the Account) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councilors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the entity and no material impact on the income statement or balance sheet of the entity. Application of the pending standards is expected to have a minor impact on the disclosures currently made in the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

**Accounting Policies**

**(a) Income Tax**

The Account is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

**(c) Investments**

Interests in term deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(d) Revenue Recognition**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

**(f) Financial Instruments**

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*Financial liabilities*

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (cont'd)

*Impairment*

At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(g) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Critical Accounting Estimates and Judgements**

The Councilors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Account.

The Councilors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

| NOTE 2  | REVENUE | 2009             | 2008             |
|---|---------|------------------|------------------|
|   |         | \$               | \$               |
| <b>Revenue from operating activities</b>                  |         |                  |                  |
| Interest on investments by the Statutory Interest Account |         | 199,377          | 229,999          |
| Interest on investments by the Statutory Deposits Account |         | 476,209          | 560,622          |
| Interest on Solicitors' Trust Accounts                    |         | <u>1,393,320</u> | <u>2,012,178</u> |
| <b>Revenue from outside the operating activities</b>      |         | 2,068,906        | 2,802,799        |
| Miscellaneous income                                      |         | <u>236,091</u>   | <u>73,933</u>    |
|   |         | <u>2,304,997</u> | <u>2,876,732</u> |

NOTE 3 CASH AND CASH EQUIVALENTS

|              |                  |                  |
|--------------|------------------|------------------|
| Cash at bank | <u>2,396,119</u> | <u>2,421,018</u> |
|              | <u>2,396,119</u> | <u>2,421,018</u> |

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Balances as above                | <u>2,396,119</u> | <u>2,421,018</u> |
| Balances per cash flow statement | <u>2,396,119</u> | <u>2,421,018</u> |

NOTE 4 INVESTMENTS

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| <i>Held-to-Maturity Investments</i> |                  |                  |
| ANZ Banking Group                   | 855,133          | 817,190          |
| St George Bank Australia            | <u>570,959</u>   | <u>524,417</u>   |
|                                     | <u>1,426,092</u> | <u>1,341,607</u> |

These deposits have maturities of 3 to 6 months from the date of their deposit.

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

|   | 2009<br>\$     | 2008<br>\$     |
|---|----------------|----------------|
| <b>NOTE 5 TRADE AND OTHER RECEIVABLES</b> |                |                |
| Accrued interest                          |                |                |
| - Investments                             | 62,959         | 176,663        |
| - Solicitors' Trust Accounts              | <u>107,658</u> | <u>183,943</u> |
|   | 170,617        | 360,606        |
| Debtors and prepayments                   | 2,163          | 6,434          |
| GST paid to suppliers                     | <u>11,297</u>  | <u>53,051</u>  |
|   | <u>184,077</u> | <u>420,091</u> |

**NOTE 6 LEGAL ADVICE BUREAU FURNITURE  
AND FITTINGS**

|  |                |                |
|--|----------------|----------------|
| Legal advice bureau furniture and fittings |                |                |
| At cost                                    | 6,507          | 6,507          |
| Less: accumulated depreciation             | <u>(6,507)</u> | <u>(6,507)</u> |
|  | -              | -              |

**NOTE 7 TRADE AND OTHER PAYABLES**

|                               |               |                |
|-------------------------------|---------------|----------------|
| Sundry creditors and accruals | <u>63,425</u> | <u>105,880</u> |
|                               | 63,425        | 105,880        |

**NOTE 8 PROVISIONS – CURRENT**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Proposed disbursements | <u>1,765,000</u> | <u>1,900,000</u> |
|                        | 1,765,000        | 1,900,000        |

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY INTEREST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

|   | 2009<br>\$    | 2008<br>\$    |
|---|---------------|---------------|
| <b>NOTE 9 LEGAL ADVICE BUREAU OPERATING COSTS</b> |               |               |
| Cleaning  | 580           | 506           |
| Depreciation                                      | 1,381         | 1,364         |
| Electricity                                       | 278           | 247           |
| Insurance   | 281           | 290           |
| Publications and subscriptions                    | 551           | 520           |
| Rental of premises                                | 6,880         | 6,390         |
| Salaries and superannuation                       | <u>22,565</u> | <u>19,835</u> |
|   | <u>32,516</u> | <u>29,152</u> |

**NOTE 10 PROPOSED DISBURSEMENTS**

The Society will invite submissions for disbursements from the Statutory Interest Account under S 253(4) of the Legal Profession Act 2006:

|                        |                  |                  |
|------------------------|------------------|------------------|
| Proposed disbursements | <u>1,765,000</u> | <u>1,900,000</u> |
|------------------------|------------------|------------------|

**NOTE 11 DISBURSEMENTS**

Disbursements made from the Statutory Interest Account under S 253(4) of the Legal Profession Act 2006 were:

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Environmental Defender's Office | 30,000           | 10,000           |
| Legal Aid Commission (ACT)      | 1,648,900        | 1,296,486        |
| Welfare Rights and Legal Centre | 144,000          | 112,000          |
| Women's Legal Centre            | <u>77,100</u>    | <u>60,000</u>    |
|                                 | <u>1,900,000</u> | <u>1,478,486</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) Financial Risks and Risk Management

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Account does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Account is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The Account is not exposed to currency and price risks.

**Liquidity risk**

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Account has adequate working capital to meet its financial liabilities at year end. All financial liabilities are expected to be settled within 3 months.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the Account suffering a financial loss. The maximum exposure to credit risk at balance date in respect of recognised financial instruments, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. The Account does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Account. As such, collateral is not requested nor is it the Account's policy to securitise its trade and other receivables.

**Interest rate risk**

The Account's exposure to interest rate risk is managed by the Account reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Account's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12 FINANCIAL INSTRUMENTS (CONT'D)

| 2009                               | Floating interest rate | Fixed interest rate <1 year | Non-interest bearing | Total            |
|------------------------------------|------------------------|-----------------------------|----------------------|------------------|
|                                    | \$                     | \$                          | \$                   | \$               |
| <b>Financial assets</b>            |                        |                             |                      |                  |
| Cash and cash equivalents          | 2,396,119              | -                           | -                    | 2,396,119        |
| Investments                        | -                      | 1,426,092                   | -                    | 1,426,092        |
| Trade and other receivables        | -                      | -                           | 183,137              | 183,137          |
|                                    | <u>2,396,119</u>       | <u>1,426,092</u>            | <u>183,137</u>       | <u>4,005,348</u> |
| Weighted average interest rate     | 2.50%                  | 3.23%                       |                      |                  |
| <b>Financial liabilities</b>       |                        |                             |                      |                  |
| Trade and other payables           | -                      | -                           | 63,425               | 63,425           |
| Proposed disbursements             | -                      | -                           | 1,765,000            | 1,765,000        |
|                                    | -                      | -                           | <u>1,828,425</u>     | <u>1,828,425</u> |
| Net financial assets (liabilities) |                        |                             |                      | <u>2,176,923</u> |
| <b>2008</b>                        |                        |                             |                      |                  |
|                                    | \$                     | \$                          | \$                   | \$               |
| <b>Financial assets</b>            |                        |                             |                      |                  |
| Cash and cash equivalents          | 2,421,018              | -                           | -                    | 2,421,018        |
| Investments                        | -                      | 1,341,607                   | -                    | 1,341,607        |
| Trade and other receivables        | -                      | -                           | 419,157              | 419,157          |
|                                    | <u>2,421,018</u>       | <u>1,341,607</u>            | <u>419,157</u>       | <u>4,181,782</u> |
| Weighted average interest rate     | 6.75%                  | 7.60%                       |                      |                  |
| <b>Financial liabilities</b>       |                        |                             |                      |                  |
| Trade and other payables           | -                      | -                           | 105,880              | 105,880          |
| Proposed disbursements             | -                      | -                           | 1,900,000            | 1,900,000        |
|                                    | -                      | -                           | <u>2,005,880</u>     | <u>2,005,880</u> |
| Net financial assets (liabilities) |                        |                             |                      | <u>2,175,902</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12 FINANCIAL INSTRUMENTS (CONT'D)

The Account's exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Account holding cash and cash equivalents and short term investments. The Account minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.

|                                    | Carrying Amount | Interest Rates  |                 |               |               |
|------------------------------------|-----------------|-----------------|-----------------|---------------|---------------|
|                                    |                 | -1%             |                 | 1%            |               |
| 2009                               | \$              | Profit          | Equity          | Profit        | Equity        |
| <b>Financial assets</b>            |                 |                 |                 |               |               |
| Cash and cash equivalents          | 2,396,119       | (23,961)        | (23,961)        | 23,961        | 23,961        |
| Investments                        | 1,426,092       | (14,261)        | (14,261)        | 14,261        | 14,261        |
| Trade and other receivables        | 183,137         | -               | -               | -             | -             |
| <b>Financial liabilities</b>       |                 |                 |                 |               |               |
| Trade and other payables           | 63,425          | -               | -               | -             | -             |
| Proposed disbursements             | 1,765,000       | -               | -               | -             | -             |
| <b>Total increase / (decrease)</b> |                 | <b>(38,222)</b> | <b>(38,222)</b> | <b>38,222</b> | <b>38,222</b> |

2008

**Financial assets**

|                             |           |          |          |        |        |
|-----------------------------|-----------|----------|----------|--------|--------|
| Cash and cash equivalents   | 2,421,018 | (24,210) | (24,210) | 24,210 | 24,210 |
| Investments                 | 1,341,607 | (13,416) | (13,416) | 13,416 | 13,416 |
| Trade and other receivables | 419,157   | -        | -        | -      | -      |

**Financial liabilities**

|                                    |           |                 |                 |               |               |
|------------------------------------|-----------|-----------------|-----------------|---------------|---------------|
| Trade and other payables           | 105,880   | -               | -               | -             | -             |
| Proposed disbursements             | 1,900,000 | -               | -               | -             | -             |
| <b>Total increase / (decrease)</b> |           | <b>(37,626)</b> | <b>(37,626)</b> | <b>37,626</b> | <b>37,626</b> |

**(c) Net Fair Values**

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 13 CAPITAL RISK MANAGEMENT

The Account's objectives when managing capital are to safeguard its ability to continue as a going concern.

The Account manages its capital through the budget process and ensures that adequate funds are maintained to meet its operational and financial objectives, including the disbursement of funds under S 253(4) of the Legal Profession Act 2006. The Account monitors its capital on the basis of its accumulated funds, as disclosed in the balance sheet.

There have been no changes to this strategy since the previous financial year.

NOTE 14 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES

|   | 2009             | 2008             |
|---|------------------|------------------|
|   | \$               | \$               |
| Surplus for the year  | 1,027            | 659,382          |
| Disbursements   | 1,765,000        | 1,878,486        |
| Change in operating assets and liabilities<br>(Increase)/decrease in accrued interest<br>payables | 189,989          | (21,971)         |
| (Increase)/(decrease) in trade and other<br>receivables   | (42,455)         | 22,186           |
|   | <u>46,025</u>    | <u>(25,423)</u>  |
| Net cash inflow from operating activities   | <u>1,959,586</u> | <u>2,512,660</u> |

NOTE 15 CONTINGENT ASSETS

The Account is seeking to recover certain disciplinary costs. At the present time the amount of the recovery is uncertain.

NOTE 16 CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the financial year.

NOTE 17 LEGISLATION

The Statutory Interest Account is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S 253 of the Legal Profession Act 2006. Under the Act, interest on Solicitors' Trust Accounts and investments by the Statutory Deposits Trust Account are deposited into the Statutory Interest Account.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

**NOTE 18 REMUNERATION OF AUDITORS**

Audit fees of \$1,985 (2008: \$1,850) were ultimately paid by the Statutory Interest Account.

**NOTE 19 EVENTS AFTER BALANCE SHEET DATE**

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

COUNCILLORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009


The Councillors declare that the financial statements and notes set out on pages 1 to 15:

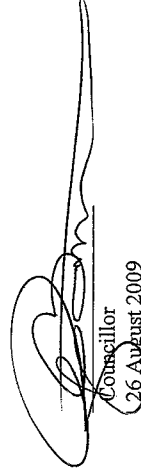
- (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Account's financial position as at 30 June 2009 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Account will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

  
Councillor  
26 August 2009

  
Councillor  
26 August 2009

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditor's Opinion**

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Interest Account as at 30 June 2009 and of its financial performance and its cash flows for the year then ended, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY STATUTORY INTEREST  
ACCOUNT**

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory Statutory Interest Account which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

**The Responsibility of the Council for the Financial Report**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

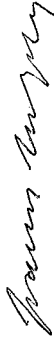
**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.



Duesburys Nexia  
Canberra, 26 August 2009

  
G J Murphy  
Partner

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY DEPOSITS TRUST ACCOUNT**

**FINANCIAL REPORT – 30 JUNE 2009**

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**THE LAW SOCIETY OF THE  
AUSTRALIAN CAPITAL TERRITORY**

**STATUTORY DEPOSITS  
TRUST ACCOUNT**

**FINANCIAL REPORT**

**30 JUNE 2009**



THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY DEPOSITS TRUST ACCOUNT

INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|                               | Notes | 2009<br>\$ | 2008<br>\$ |
|-------------------------------|-------|------------|------------|
| Revenue                       |       | -          | -          |
| <b>Net surplus/ (deficit)</b> |       | -          | -          |

THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY DEPOSITS TRUST ACCOUNT

BALANCE SHEET  
AS AT 30 JUNE 2009

|                                  | Notes | 2009<br>\$       | 2008<br>\$       |
|----------------------------------|-------|------------------|------------------|
| <b>Current assets</b>            |       |                  |                  |
| Cash and cash equivalents        | 2     | 4,810,788        | 5,571,403        |
| Investments                      | 3     | 4,613,668        | 4,357,708        |
| <b>Total current assets</b>      |       | <u>9,424,456</u> | <u>9,929,111</u> |
| <b>Total assets</b>              |       | <u>9,424,456</u> | <u>9,929,111</u> |
| <b>Current liabilities</b>       |       |                  |                  |
| Trade and other payables         | 4     | 9,424,456        | 9,929,111        |
| <b>Total current liabilities</b> |       | <u>9,424,456</u> | <u>9,929,111</u> |
| <b>Total liabilities</b>         |       | <u>9,424,456</u> | <u>9,929,111</u> |
| <b>Net assets</b>                |       | -                | -                |
| <b>Equity</b>                    |       | -                | -                |
| Accumulated Funds                |       | -                | -                |
| <b>Total equity</b>              |       | -                | -                |

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

|                                       | Notes | 2009<br>\$ | 2008<br>\$ |
|---------------------------------------|-------|------------|------------|
| Balance at the beginning of the year  |       | -          | -          |
| Changes during the year               |       | -          | -          |
| <b>Balance at the end of the year</b> |       | -          | -          |

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|   | Notes | 2009<br>\$         | 2008<br>\$         |
|---|-------|--------------------|--------------------|
| <b>Cash flows from investing activities</b>         |       |                    |                    |
| Payments for investments                            |       | <u>(255,960)</u>   | <u>(178,966)</u>   |
| Net cash (outflow) from investing activities        |       | <u>(255,960)</u>   | <u>(178,966)</u>   |
| <b>Cash flows from financing activities</b>         |       |                    |                    |
| Proceeds from deposits                              |       | 2,881,670          | 3,710,694          |
| Repayments of deposits                              |       | <u>(3,386,325)</u> | <u>(3,129,129)</u> |
| Net cash inflow (outflow) from financing activities |       | <u>(504,655)</u>   | <u>581,565</u>     |
| <b>Net increase (decrease) in cash held</b>         |       | <u>(760,615)</u>   | <u>402,599</u>     |
| Cash at the beginning of the financial year         |       | <u>5,571,403</u>   | <u>5,168,804</u>   |
| <b>Cash at the end of the financial year</b>        | 2     | <u>4,810,788</u>   | <u>5,571,403</u>   |

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Provisions of the Legal Profession Act 2006.

This financial report covers The Law Society of the Australian Capital Territory Statutory Deposits Trust Account (the Trust Account) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councilors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the entity and no material impact on the income statement or balance sheet of the entity. Application of the pending standards is expected to have a minor impact on the disclosures currently made in the financial report.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

**Accounting Policies**

**Income Tax**

The Trust Account is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

(a)

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(b)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Investments**

Interests in term deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

(d) **Monies Deposited by Solicitors**

Monies deposited by solicitors are recognised upon receipt. Amounts are repayable in accordance with the Legal Profession Act 2006.

(e) **Financial Instruments**

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*Financial Liabilities*

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

*Impairment*

At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) **Comparatives**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Critical Accounting Estimates and Judgments**

The Councilors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Trust Account.

The Councilors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

NOTE 2 CASH AND CASH EQUIVALENTS

|   |                  |      |                  |
|---|------------------|------|------------------|
| Cash at bank  | 4,810,788        | 2009 | 2008             |
|   |                  | \$   | \$               |
|   | <u>4,810,788</u> |      | <u>5,571,403</u> |
| The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows. |                  |      |                  |
| Balances as above   | 4,810,788        |      | 5,571,403        |
| Balances per cash flow statement  | <u>4,810,788</u> |      | <u>5,571,403</u> |

NOTE 3 INVESTMENTS

*Held-to-Maturity Investments*

|                         |                  |
|-------------------------|------------------|
| Commonwealth Bank       | 1,500,000        |
| National Australia Bank | 1,128,241        |
| St George Bank          | <u>1,985,427</u> |
|                         | 4,613,668        |
|                         | <u>4,357,708</u> |

These deposits have maturities of 3 to 6 months from the date of their deposit.

NOTE 4 TRADE AND OTHER PAYABLES

|                                |                  |
|--------------------------------|------------------|
| Monies deposited by solicitors | 9,424,456        |
|                                | <u>9,424,456</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 5 LEGISLATION

The Statutory Deposits Trust Account is maintained by the Law Society of the Australian Capital Territory, a related entity, in accordance with section 253 of the Legal Profession Act 2006. Interest income earned on interest bearing deposits held by the Statutory Deposits Trust Account is credited as income of the Statutory Interest Account. The Trust Account has no employees.

NOTE 6 REMUNERATION OF AUDITORS

Audit fees of \$1,130 (2008:\$1,050) were ultimately paid by the Statutory Interest Account on behalf of the Statutory Deposits Trust Account.

NOTE 7 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

(b) Financial Risks and Risk Management

The financial instruments consist mainly of deposits with banks, short term investments and accounts payable. The Trust does not trade or speculate in derivatives. The main purpose of the financial instruments is to invest funds in an appropriate manner.

The main risks the Trust is exposed to through its financial instruments are liquidity risk and interest rate risk. The Trust is not exposed to any significant credit, currency and price risks.

Liquidity risk

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Trust has adequate short term funds available to meet any financial liabilities that are likely to require settlement within 3 months of year end. The Trust's investments are limited to cash deposits with reputable banks.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

The Trust's exposure to interest rate risk is managed by the Trust reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Trust's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

|                                    | 2009 | Floating interest rate | Fixed interest rate <1 year | Non-interest bearing | Total     |
|------------------------------------|------|------------------------|-----------------------------|----------------------|-----------|
|                                    |      | \$                     | \$                          | \$                   | \$        |
| <b>Financial Assets</b>            |      |                        |                             |                      |           |
| Cash and cash equivalents          |      | 4,810,788              | -                           | -                    | 4,810,788 |
| Investments                        |      | -                      | 4,613,668                   | -                    | 4,613,668 |
|                                    |      | 4,810,788              | 4,613,668                   | -                    | 9,424,456 |
| Weighted average interest rate     |      | 2.50%                  | 3.59%                       |                      |           |
| <b>Financial Liabilities</b>       |      |                        |                             |                      |           |
| Deposits by solicitors             |      | -                      | -                           | 9,424,456            | 9,424,456 |
|                                    |      | -                      | -                           | 9,424,456            | 9,424,456 |
| Net financial assets (liabilities) |      |                        |                             |                      | -         |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7 FINANCIAL INSTRUMENTS (CONT'D)

| 2008                               | Floating interest rate | Fixed interest rate <1 year | Non-interest bearing | Total            |
|------------------------------------|------------------------|-----------------------------|----------------------|------------------|
|                                    |                        |                             |                      |                  |
| <b>Financial Assets</b>            |                        |                             |                      |                  |
| Cash and cash equivalents          | 5,571,403              | -                           | -                    | 5,571,403        |
| Investments                        | -                      | 4,357,708                   | -                    | 4,357,708        |
|                                    | <u>5,571,403</u>       | <u>4,357,708</u>            | <u>-</u>             | <u>9,929,111</u> |
| Weighted average interest rate     | 6.75%                  | 7.77%                       |                      |                  |
| <b>Financial Liabilities</b>       |                        |                             |                      |                  |
| Deposits by solicitors             | -                      | -                           | 9,929,111            | 9,929,111        |
|                                    | <u>-</u>               | <u>-</u>                    | <u>9,929,111</u>     | <u>9,929,111</u> |
| Net financial assets (liabilities) |                        |                             |                      | <u>-</u>         |

The Trust's exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Trust holding cash and cash equivalents and short term investments. The Trust minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.

| 2009                               | Carrying Amount  | Interest Rates  |                 | Equity        | Profit        | Equity        |
|------------------------------------|------------------|-----------------|-----------------|---------------|---------------|---------------|
|                                    |                  | -1%             | 1%              |               |               |               |
|                                    | \$               | \$              | \$              | \$            | \$            | \$            |
| <b>Financial assets</b>            |                  |                 |                 |               |               |               |
| Cash and cash equivalents          | 4,810,788        | (48,108)        | (48,108)        | 48,108        | 48,108        | 48,108        |
| Investments                        | 4,613,668        | (46,136)        | (46,136)        | 46,136        | 46,136        | 46,136        |
|                                    | <u>9,424,456</u> | <u>(94,244)</u> | <u>(94,244)</u> | <u>94,244</u> | <u>94,244</u> | <u>94,244</u> |
| <b>Financial liabilities</b>       |                  |                 |                 |               |               |               |
| Deposits by solicitors             | -                | -               | -               | -             | -             | -             |
| <b>Total increase / (decrease)</b> |                  |                 |                 |               |               |               |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7 FINANCIAL INSTRUMENTS (CONT'D)

| 2008                               | Carrying Amount  | Interest Rates  |                 | Equity        | Profit        | Equity        |
|------------------------------------|------------------|-----------------|-----------------|---------------|---------------|---------------|
|                                    |                  | -1%             | 1%              |               |               |               |
|                                    | \$               | \$              | \$              | \$            | \$            | \$            |
| <b>Financial assets</b>            |                  |                 |                 |               |               |               |
| Cash and cash equivalents          | 5,571,403        | (55,714)        | (55,714)        | 55,714        | 55,714        | 55,714        |
| Investments                        | 4,357,708        | (43,578)        | (43,578)        | 43,578        | 43,578        | 43,578        |
|                                    | <u>9,929,111</u> | <u>(99,292)</u> | <u>(99,292)</u> | <u>99,292</u> | <u>99,292</u> | <u>99,292</u> |
| <b>Financial liabilities</b>       |                  |                 |                 |               |               |               |
| Deposits by solicitors             | -                | -               | -               | -             | -             | -             |
| <b>Total increase / (decrease)</b> |                  |                 |                 |               |               |               |

(c) Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTE 8 CAPITAL RISK MANAGEMENT

The Trust's objectives when managing capital are to ensure that monies deposited by solicitors are maintained. To reduce the risk of reductions in the capital value of monies deposited by solicitors, all funds are held as cash deposits with major financial institutions. The Trust monitors its cash and investments on an on-going basis and ensures that adequate short term funds are maintained to meet financial liabilities that are likely to require settlement in the short term.

There have been no changes to this strategy since the previous financial year.

NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at the end of the financial year.

NOTE 10 EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councilors' Declaration. The Councilors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

**THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY DEPOSITS TRUST ACCOUNT**

**COUNCILLORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009**


The Councillors declare that the financial statements and notes set out on pages 1 to 10:

- (a) comply with Australian Accounting Standards (including the Australian Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Trust Account's financial position as at 30 June 2009 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:


- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Trust Account will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.



Councillor

26 August 2009



Councillor

26 August 2009



Duesburys Nexia

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE LAW SOCIETY OF THE AUSTRALIAN CAPITAL TERRITORY  
STATUTORY DEPOSITS TRUST ACCOUNT**

We have audited the accompanying financial report of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

**The Responsibility of the Council for the Financial Report**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditor's Opinion**

In our opinion the financial report presents fairly, in all material respects, the financial position of the Law Society of the Australian Capital Territory Statutory Deposits Trust Account as at 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

*G J Murphy*

Duesburys Nexia  
Canberra, 26 August 2009

*G J Murphy*

G J Murphy  
Partner

FINANCIAL REPORT – 30 JUNE 2009

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THE SOLICITORS' FIDELITY FUND  
OF THE AUSTRALIAN CAPITAL  
TERRITORY

FINANCIAL REPORT

30 JUNE 2009



**THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|  | Notes | 2009<br>\$     | 2008<br>\$     |
|--|-------|----------------|----------------|
| Revenue  | 2     | 301,226        | 332,744        |
| Audit fees                                       |       | (1,985)        | (1,850)        |
| Administration expenses                          |       | (32,214)       | (32,818)       |
| Investigations, examinations and managers' costs |       | (1,942)        | (7,602)        |
| Random inspections expenses                      |       | (64,900)       | (8,760)        |
| <b>Surplus for the year</b>                      |       | <u>200,185</u> | <u>281,714</u> |

(Notes to the financial statements are annexed)

Page 1

**THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2009**

|                                  | Notes | 2009<br>\$       | 2008<br>\$       |
|----------------------------------|-------|------------------|------------------|
| <b>Current assets</b>            |       |                  |                  |
| Cash and cash equivalents        | 3     | 134,441          | 219,333          |
| Trade and other receivables      | 4     | 16,212           | 38,377           |
| <b>Total current assets</b>      |       | <u>150,653</u>   | <u>257,710</u>   |
| <b>Non-current assets</b>        |       |                  |                  |
| Investments                      | 5     | 4,545,899        | 4,270,248        |
| <b>Total non-current assets</b>  |       | <u>4,545,899</u> | <u>4,270,248</u> |
| <b>Total assets</b>              |       | <u>4,696,552</u> | <u>4,527,958</u> |
| <b>Current liabilities</b>       |       |                  |                  |
| Trade and other payables         | 6     | 36,530           | 68,121           |
| <b>Total current liabilities</b> |       | <u>36,530</u>    | <u>68,121</u>    |
| <b>Total liabilities</b>         |       | <u>36,530</u>    | <u>68,121</u>    |
| <b>Net assets</b>                |       | <u>4,660,022</u> | <u>4,459,837</u> |
| <b>Equity</b>                    |       |                  |                  |
| Accumulated funds                |       | 4,660,022        | 4,459,837        |
| <b>Total equity</b>              |       | <u>4,660,022</u> | <u>4,459,837</u> |

(Notes to the financial statements are annexed)

Page 2

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009<br>\$       | 2008<br>\$       |
|--|------------------|------------------|
| <b>Accumulated Funds</b>                       |                  |                  |
| Balance at the beginning of the financial year | 4,459,837        | 4,178,123        |
| Surplus for the year                           | <u>200,185</u>   | <u>281,714</u>   |
| Balance at the end of the financial year       | <u>4,660,022</u> | <u>4,459,837</u> |

(Notes to the financial statements are annexed)

Page 3

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009<br>\$       | 2008<br>\$       |
|--|------------------|------------------|
| <b>Cash flows from operating activities</b>  |                  |                  |
| Receipts from contributions                  | 41,049           | 34,280           |
| Recoveries & GST refunds                     | 7,389            | 6,790            |
| Payments                                     | <u>(140,813)</u> | <u>(34,658)</u>  |
|  | <u>(92,375)</u>  | <u>6,412</u>     |
| Interest received                            | 283,134          | 303,869          |
| Net cash inflow from operating activities    | <u>190,759</u>   | <u>310,281</u>   |
| <b>Cash flows from investing activities</b>  |                  |                  |
| Payments for investments                     | <u>(275,651)</u> | <u>(197,557)</u> |
| Net cash (outflow) from investing activities | <u>(275,651)</u> | <u>(197,557)</u> |
| <b>Net increase/ (decrease) in cash held</b> | <u>(84,892)</u>  | <u>112,724</u>   |
| Cash at the beginning of the financial year  | <u>219,333</u>   | <u>106,609</u>   |
| <b>Cash at the end of the financial year</b> | <u>134,441</u>   | <u>219,333</u>   |

(Notes to the financial statements are annexed)

Page 4

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the provisions of the Legal Profession Act 2006.

This financial report covers The Solicitors' Fidelity Fund of the Australian Capital Territory (The Fund) as an individual entity, domiciled in Australia. Its registered office and principal place of business is 11 London Circuit, Canberra City, ACT, 2601.

A number of Australian Accounting Standards have been issued or amended prior to the date of this report but are only applicable to future reporting periods and accordingly have not been applied in preparing this financial report. The Councilors are of the opinion that when the relevant Accounting Standards are first applied, there will be no material impact on the accounting policies of the entity and no material impact on the income statement or balance sheet of the entity.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

**Accounting Policies**

**(a) Income Tax**

The entity is exempt from income tax under relevant provisions of the Income Tax Assessment Act.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(c) Revenue Recognition**

Contributions and recovered investigation/management costs are recognised upon the receipt of funds or when they become recoverable if earlier.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(d) Investments**

Investments in bank bills and deposits are brought to account at cost and interest income is recognised in the income statement when receivable.

**(e) Financial Instruments**

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the intention to hold these investments to maturity. Any held-to-maturity investments held are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*Financial liabilities*

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Financial Instruments (cont'd)**

*Impairment*

At each reporting date, an assessment is made of whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

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

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

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

**(g) Comparatives**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Critical Accounting Estimates and Judgements**

The Councilors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

The Councilors do not believe that there were any key estimates or key judgements used in the development of the financial report that give rise to a significant risk of material adjustment in the future.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

2009  
\$

**NOTE 2 REVENUE**

**Revenue from operating activities**

|                         |                |                |
|-------------------------|----------------|----------------|
| Interest on investments | 263,687        | 298,174        |
| Contributions           | 37,539         | 34,570         |
|                         | <u>301,226</u> | <u>332,744</u> |

**Revenue from outside the operating activities**

|                            |                |                |
|----------------------------|----------------|----------------|
| Recovered management costs | -              | -              |
|                            | <u>301,226</u> | <u>332,744</u> |

**NOTE 3 CASH AND CASH EQUIVALENTS**

Cash at bank

|  |                |                |
|--|----------------|----------------|
|  | <u>134,441</u> | <u>219,333</u> |
|  | <u>134,441</u> | <u>219,333</u> |

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Balances as above                | <u>134,441</u> | <u>219,333</u> |
| Balances per cash flow statement | <u>134,441</u> | <u>219,333</u> |

**NOTE 4 TRADE AND OTHER RECEIVABLES**

|   |               |               |
|---|---------------|---------------|
| Trade debtors – The Law Society of the Australian Capital Territory | 1,300         | 3,510         |
| Accrued interest  | 14,912        | 34,359        |
| Other receivables   | -             | 508           |
|   | <u>16,212</u> | <u>38,377</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

|                                     | 2009             | 2008             |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| <b>NOTE 5 INVESTMENTS</b>           |                  |                  |
| <i>Held-to-Maturity Investments</i> |                  |                  |
| ANZ Banking Group                   | 2,325,696        | 2,195,744        |
| St George Bank                      | 648,569          | 599,895          |
| National Australia Bank             | <u>1,571,634</u> | <u>1,474,609</u> |
|                                     | <u>4,545,899</u> | <u>4,270,248</u> |

These deposits have a maturity of 6 months from the date of their deposit.

**NOTE 6 TRADE AND OTHER PAYABLES**

|                                   |               |
|-----------------------------------|---------------|
| Trade creditors and accruals      | 32,891        |
| Contributions received in advance | <u>35,230</u> |
|                                   | <u>68,121</u> |

**NOTE 7 LEGISLATION**

The Solicitors' Fidelity Fund of the Australian Capital Territory is maintained by the Law Society of the Australian Capital Territory, a related party, in accordance with S320 of the Legal Profession Act 2006. The Fund has no employees.

**NOTE 8 AUDITORS' REMUNERATION**

|  |               |              |
|--|---------------|--------------|
| Audit of the Fund's financial report including assistance with the implementation of AIFRS | 1,985         | 1,850        |
| Conduct of random inspections  | <u>32,500</u> | <u>3,960</u> |
|  | <u>34,485</u> | <u>5,810</u> |

**NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

|  | 2009            | 2008           |
|--|-----------------|----------------|
|  | \$              | \$             |
| <b>NOTE 10 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b> |                 |                |
| Surplus for the year   | 200,185         | 281,714        |
| Change in operating assets and liabilities:  |                 |                |
| (Increase)/decrease in trade and other receivables   | 22,165          | 8,265          |
| Increase/(decrease) in trade creditors and accruals  | <u>(32,891)</u> | <u>18,192</u>  |
| Increase/(decrease) in contributions received in advance   | <u>1,300</u>    | <u>2,110</u>   |
| Net cash inflow from operating activities  | <u>190,759</u>  | <u>310,281</u> |

**NOTE 11 FINANCIAL INSTRUMENTS**

**(a) Terms, Conditions and Accounting Policies**

The accounting policies and terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are consistent with those regularly adopted by businesses in Australia.

**(b) Financial Risks and Risk Management**

The financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The Fund does not trade or speculate in derivatives. The main purpose of the financial instruments is to raise funds for normal activities and invest excess funds in an appropriate manner.

The main risks the Fund is exposed to through its financial instruments are liquidity risk, credit risk and interest rate risk. The Fund is not exposed to currency and price risks.

**Liquidity risk**

The liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate short term funds are maintained. The Fund has adequate working capital to meet its financial liabilities at year end. All financial liabilities are expected to be settled within 3 months.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the Fund suffering a financial loss. The maximum exposure to credit risk at balance date in respect of recognised financial instruments, excluding the value of any collateral or other security, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

**Credit risk (Cont'd)**

This risk is monitored and managed by management reviewing financial assets and ensuring collections are made on a timely basis and that unacceptable concentrations of credit risk are avoided. The Fund does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Fund. As such, collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

**Interest rate risk**

The Fund's exposure to interest rate risk is managed by the Fund reviewing the interest rate profile, current interest rates and the market outlook, and taking action as necessary to ensure that risk levels are maintained at a satisfactory level. The Fund's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

| 2009                               | Floating interest rate | Fixed interest rate <2 years | Non-interest bearing | Total     |
|------------------------------------|------------------------|------------------------------|----------------------|-----------|
|                                    | \$                     | \$                           | \$                   | \$        |
| <b>Financial assets</b>            |                        |                              |                      |           |
| Cash and cash equivalents          | 134,441                | -                            | -                    | 134,441   |
| Trade and other receivables        | -                      | -                            | 16,212               | 16,212    |
| Investments                        | -                      | 4,545,899                    | -                    | 4,545,899 |
| Weighted average interest rate     | 2.50%                  | 3.61%                        | -                    | 4.696,552 |
| <b>Financial liabilities</b>       |                        |                              |                      |           |
| Trade and other payables           | -                      | -                            | -                    | -         |
| Net financial assets (liabilities) | -                      | -                            | -                    | 4,696,552 |
| <b>2008</b>                        |                        |                              |                      |           |
| <b>Financial assets</b>            |                        |                              |                      |           |
| Cash and cash equivalents          | 219,333                | -                            | -                    | 219,333   |
| Trade and other receivables        | -                      | -                            | 38,377               | 38,377    |
| Investments                        | -                      | 4,270,248                    | -                    | 4,270,248 |
| Weighted average interest rate     | 6.75%                  | 7.88%                        | -                    | 4,527,958 |
| <b>Financial liabilities</b>       |                        |                              |                      |           |
| Trade and other payables           | -                      | -                            | 32,891               | 32,891    |
| Net financial assets (liabilities) | -                      | -                            | 32,891               | 4,495,067 |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11 FINANCIAL INSTRUMENTS (CONT'D)

The Fund's exposure to cash flow interest rate risk relates to financial assets and liabilities subject to floating interest rates. These risks arise due to the Fund holding cash and cash equivalents and short term investments. The Fund minimises its exposure by continuously analysing its interest rate exposure and by fixing interest rates on deposits with banks and short term investments where appropriate. There have been no changes in the market risks, methods and assumptions from the previous period.

The following tables disclose the effect on profit before tax and on equity if interest rates had been 1% higher or lower and all other variables were held constant as a result of the Fund's exposure to floating interest rates on financial assets and financial liabilities. Considering the market outlook and the current interest rates, management believes a 1% movement in interest rates is reasonably possible.

| 2009                               | Carrying Amount | Interest Rates  |                 |               |
|------------------------------------|-----------------|-----------------|-----------------|---------------|
|                                    |                 | -1% Profit      | -1% Equity      | 1% Profit     |
|                                    | \$              | \$              | \$              | \$            |
| <b>Financial assets</b>            |                 |                 |                 |               |
| Cash and cash equivalents          | 134,441         | (1,344)         | (1,344)         | 1,344         |
| Trade and other receivables        | 16,212          | -               | -               | -             |
| Investments                        | 4,545,899       | (45,459)        | (45,459)        | 45,459        |
| <b>Financial liabilities</b>       |                 |                 |                 |               |
| Trade and other payables           | -               | -               | -               | -             |
| <b>Total increase / (decrease)</b> |                 | <b>(46,803)</b> | <b>(46,803)</b> | <b>46,803</b> |
| <b>2008</b>                        |                 |                 |                 |               |
| <b>Financial assets</b>            |                 |                 |                 |               |
| Cash and cash equivalents          | 219,333         | (2,193)         | (2,193)         | 2,193         |
| Trade and other receivables        | 38,377          | -               | -               | -             |
| Investments                        | 4,270,248       | (42,702)        | (42,702)        | 42,702        |
| <b>Financial liabilities</b>       |                 |                 |                 |               |
| Trade and other payables           | 32,891          | -               | -               | -             |
| <b>Total increase / (decrease)</b> |                 | <b>(44,895)</b> | <b>(44,895)</b> | <b>44,895</b> |

**(c) Net Fair Values**

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of financial assets and financial liabilities approximates their net fair value due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12 CAPITAL RISK MANAGEMENT

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern.

The Fund manages its capital through the budget process and ensures that adequate funds are maintained to meet its operational objectives and to cover potential claims on the Fund. The Fund monitors its capital on the basis of its working capital (current assets less current liabilities) and accumulated funds, as disclosed in the balance sheet.

There have been no changes to this strategy since the previous financial year.

NOTE 13 EVENTS AFTER BALANCE SHEET DATE

The financial report was authorised for issue by the Council on the date of signing the attached Councillors' Declaration. The Councillors have the right to amend the report after it is issued.

There are no other events after the balance sheet date which require amendment of, or further disclosure in, the financial report.

COUNCILLORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009


The Councillors declare that the financial statements and notes set out on pages 1 to 13:


- (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements; and
- (b) present fairly the Fund's financial position as at 30 June 2009 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Councillors' opinion:

- (a) the financial statements and notes are in accordance with the requirements of the Legal Profession Act 2006; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Councillors.

  
Councillor  
26 August 2009

  
Councillor  
26 August 2009

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE SOLICITORS' FIDELITY FUND OF THE AUSTRALIAN CAPITAL TERRITORY**

We have audited the accompanying financial report of the Solicitors' Fidelity Fund of the Australian Capital Territory which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

**The Responsibility of the Council for the Financial Report**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Auditor's Opinion**

In our opinion the financial report presents fairly, in all material respects, the financial position of the Solicitors' Fidelity Fund of the Australian Capital Territory as at 30 June 2009 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).



**Duesburys Nexia**  
Canberra, 16 August 2009



**G J Murphy**  
Partner